

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>County of Wexford, Michigan</b>	County <b>Wexford</b>
Audit Date <b>12/31/05</b>	Opinion Date <b>5/12/06</b>	Date Accountant Report Submitted to State: <b>6/26/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name)

**Anderson, Tackman & Company, PLC**

Street Address

**16978 S. Riley Avenue**

City

**Kincheloe**

State

**MI**

ZIP

**49788**

Accountant Signature

*Anderson Tackman & Co PLC*

Date

**6/26/06**

**COUNTY OF WEXFORD, MICHIGAN**

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BASIC FINANCIAL STATEMENTS

December 31, 2005

**WEXFORD COUNTY, MICHIGAN**

ORGANIZATION

**MEMBERS OF THE COUNTY COMMISSION**

CHAIR PERSON	LARRY COPLEY
VICE CHAIR	SARAH MCKEEVER
COMMISSIONER	LINDA STAHL
COMMISSIONER	LESLIE HOUSLER
COMMISSIONER	JERRY BULOCK
COMMISSIONER	BILL GOODWILL
COMMISSIONER	JAY THIEBAUT
COMMISSIONER	WILLIAM S. BARNETT
COMMISSIONER	SCOTT REAGAN

**APPOINTED/ELECTED OFFICIALS**

COUNTY ADMINISTRATOR	CYNTHIA STAMBAUGH, INTERIM
COUNTY TREASURER	WENDY MOORE
COUNTY CLERK	ELAINE RICHARDSON
GENERAL ACCOUNTING SUPERVISORY	PAM DAHLSTROM

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>1</b>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS.....</b>	<b>3</b>
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements:	
Statement of Net Assets.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Statement of Changes in Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	13
Reconciliation of Governmental Funds:	
Statement of Revenues, Expenditures, and Changes in in Fund Balances to the Statement of Activities .....	14
Proprietary Funds:	
Statement of Net Assets.....	15
Statement of Revenues, Expenses, and Changes in Net Assets .....	16
Statement of Cash Flows .....	17
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	18
Component Unit Financial Statements:	
Statement of Net Assets.....	19
Statement of Activities.....	20
<b>NOTES TO FINANCIAL STATEMENTS .....</b>	<b>21</b>

## **REQUIRED SUPPLEMENTAL INFORMATION:**

### **Major Funds:**

Budgetary Comparison Schedule – General Fund.....	48
Budgetary Comparison Schedule – Revenue Sharing Reserve.....	50

## **OTHER SUPPLEMENTAL INFORMATION:**

Combining Balance Sheet – Nonmajor Governmental Funds.....	51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	55
Combining Statement of Net Assets – Nonmajor Enterprise Funds .....	59
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Nonmajor Enterprise Funds .....	60
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	61

## **FEDERAL FINANCIAL ASSISTANCE:**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	62
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .....	64
Schedule of Expenditures of Federal Awards .....	66
Notes to Schedule of Expenditures of Federal Awards .....	68
Schedule of Findings and Questioned Costs .....	70
Summary Schedule of Prior Audit Findings .....	72

## **ADDITIONAL INFORMATION:**

Municipal Securities Disclosure Requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 .....	73
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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMAN, CPA, PRINCIPAL  

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DEANNA J. MAYER, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Chairman and Members  
of the Board of Commissioners  
County of Wexford, Michigan  
437 East Division  
Cadillac, Michigan 49601

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the County of Wexford, Michigan as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority, which represent 100% and 100% of the assets and revenues of the Discretely Presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, in so far as it relates to the amounts recorded for the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wexford, Michigan as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2006 on our consideration of the County of Wexford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Wexford's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The additional information regarding the Municipal Securities Disclosure Requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County of Wexford. The accompanying schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

May 12, 2006

## **Management's Discussion and Analysis**

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**Using this Annual Report**

The County's audit report consists of the following:

<ul style="list-style-type: none"><li>• Management's discussion and analysis</li><li>• Government-wide financial statements</li><li>• Fund financial statements</li></ul>	<ul style="list-style-type: none"><li>• Notes to the financial statements</li><li>• Required supplemental information</li><li>• Other supplemental information</li></ul>
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The 2005 audit report provides a comparison for 2004 and 2005. Most notable is the "Statement of Net Assets". This document presents information on the County assets and liabilities as a whole, with the difference shown as "Net Assets". The "Statement of Activities" details the sources of revenue and the related expenditures for the 2005 ending again with the net assets. Increases or decreases of net assets from period to period provide useful information on the direction of the County's financial position over time.

Also provided are individual fund financial statements for Wexford County's major funds with one column provided for non-major funds. These statements are grouped into three distinct categories:

- Government Services such as public safety, judicial, and administration.
- Proprietary Funds such as Water Systems, the Wexford County Landfill, and Delinquent Tax Funds.
- Fiduciary Funds which account for resources held for outside parties. Examples of these funds would be restitutions, payroll withholdings, and property tax distributions.

Reconciliation between the individual fund statements and the government-wide financials is provided following the individual fund statements. The differences between the statement of net assets and the fund balance sheet primarily relate to the inclusion of capital assets, certain receivables, and long-term liabilities in the government-wide statement of net assets, which are not included in the fund balance sheet. The differences between the statement of activities and that of revenues, expenditures, and changes in fund balances primarily relate to the timing of reporting capital outlays and debt principal payments in the fund statements and a difference in the timing of the recognition of certain revenues and expenditures such as bond proceeds, accrued interest and accrued employee benefits such as leave time.

**Government-wide Statements**

The government-wide financial statements of the County are divided into three categories.

***Governmental Activities***

These are the activities and/or services funded through property taxes and fees for services and are reflected as "General Fund" activities.

***Business-Type Activities***

These are activities supported by fees exclusively and/or activities that are business-like in nature. Examples include:

- Unrestricted Treasurer's Fund
- Delinquent Tax Funds
- Landfill Enterprise Fund
- Other non-major Enterprise Funds such as Recycling, Land Re-Utilization and Water and Sewer Systems.

***Component Units***

- Transit Authority
- Airport Authority
- Wexford-Cadillac Library
- Wexford County Road Commission

Governmental Activities and Business-Type Activities are best used in determining the County financial health from the vantage point of day-to-day operations of activities overseen by the Board of Commissioners.

**The County as a Whole**

The County recognized an increase of \$1,585,121 in net assets in its governmental activities for the fiscal year ending December 31, 2005. This is a result of the following:

- 1) General Fund revenues exceeded expenditures.
- 2) An additional \$1,809,033 reflected as taxes receivable for the second year of the newly implemented Revenue Sharing Reserve Fund due to early tax collection requirements.

In a condensed format, the table below shows the net assets of Wexford County.

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current Assets	\$ 16,533,396	\$ 14,636,954	\$ 14,036,425	\$ 17,374,751	\$ 30,569,821	\$ 32,011,705
Noncurrent Assets:						
Restricted Assets	-	-	1,473,445	1,368,250	1,473,445	1,368,250
Capital Assets	<u>7,970,096</u>	<u>7,868,786</u>	<u>8,824,609</u>	<u>5,530,961</u>	<u>16,794,705</u>	<u>13,399,747</u>
Total Assets	<u>24,503,492</u>	<u>22,505,740</u>	<u>24,334,479</u>	<u>24,273,962</u>	<u>48,837,971</u>	<u>46,779,702</u>
Current Liabilities	8,610,877	8,254,125	1,341,277	433,459	9,952,154	8,687,584
Long-Term Liabilities	<u>5,612,542</u>	<u>5,556,663</u>	<u>9,175,477</u>	<u>6,805,445</u>	<u>14,788,019</u>	<u>12,362,108</u>
Total Liabilities	<u>14,223,419</u>	<u>13,810,788</u>	<u>10,516,754</u>	<u>7,238,904</u>	<u>24,740,173</u>	<u>21,049,692</u>
Net Assets						
Invested in Capital Assets -						
Net of Related Debt	2,452,450	2,434,817	7,685,556	4,273,881	10,138,006	6,708,698
Restricted	4,404,086	1,958,298	-	-	4,404,086	1,958,298
Unrestricted (Deficit)	<u>3,423,537</u>	<u>4,301,837</u>	<u>6,132,169</u>	<u>12,761,177</u>	<u>9,555,706</u>	<u>17,063,014</u>
Total Net Assets	<u>\$ 10,280,073</u>	<u>\$ 8,694,952</u>	<u>\$ 13,817,725</u>	<u>\$ 17,035,058</u>	<u>\$ 24,097,798</u>	<u>\$ 25,730,010</u>

The current level of unrestricted net assets for our governmental activities stands at \$3,423,537, or about 24% of expenses. This is within the targeted range set by the County Board of Commissioners during its last budget process.

Net Assets of the governmental activities increased approximately 18%. Net Assets of the business-type activities decreased approximately 19%. Continuing cell construction activity and contamination clean up at the Sanitary Landfill are responsible for the decrease in Net Assets of the business-type activities.

The following table shows the activities of the County.

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Program Revenues:						
Charges for Services	\$ 3,022,630	\$ 2,763,174	\$ 3,204,690	\$ 3,413,055	\$ 6,227,320	\$ 6,176,229
Operating Grants and Contributions	2,843,364	3,138,863	-	-	2,843,364	3,138,863
Capital Grants and Contributions	63,357	63,357	-	-	63,357	63,357
General Revenues:						
Property Taxes	9,348,772	8,677,907	-	-	9,348,772	8,677,907
State-Shared Revenues	-	243,692	-	-	-	243,692
Federal, State, Local – General	-	176,319	-	-	-	176,319
Unrestricted Investment Earnings	183,120	120,956	363,900	248,047	547,020	369,003
Other Revenue	40,481	29,965	35,006	26,942	75,487	56,907
Transfers	<u>451,852</u>	<u>408,330</u>	<u>(451,852)</u>	<u>(408,330)</u>	<u>-</u>	<u>-</u>
Total Program Revenues	<u>15,953,576</u>	<u>15,622,563</u>	<u>3,151,744</u>	<u>3,279,714</u>	<u>19,105,320</u>	<u>18,902,277</u>
Program Expenses:						
Legislative	51,321	49,998	-	-	51,321	49,998
Judicial	2,226,189	2,165,646	-	-	2,226,189	2,165,646
General Government	2,967,104	2,771,014	-	-	2,967,104	2,771,014
Public Safety	5,467,683	4,877,278	-	-	5,467,683	4,877,278
Health and Welfare	1,904,699	2,374,051	-	-	1,904,699	2,374,051
Community and Economic Development	237,391	166,624	-	-	237,391	166,624
Recreation and Culture	613,797	520,742	-	-	613,797	520,742
Interest on Long –Term Debt	355,515	280,111	-	-	355,515	280,111
Other Expenses	544,756	513,571	-	-	544,756	513,571
Water and Wastewater	-	-	495,190	500,447	495,190	500,447
Sanitary Landfill	-	-	5,675,850	4,311,519	5,675,850	4,311,519
Delinquent Tax	-	-	7,103	12,536	7,103	12,536
Other business-type activities	<u>-</u>	<u>-</u>	<u>344,944</u>	<u>378,760</u>	<u>344,944</u>	<u>378,760</u>
Total Program Expenses	<u>14,368,455</u>	<u>13,719,035</u>	<u>6,523,087</u>	<u>5,203,262</u>	<u>20,891,542</u>	<u>18,922,297</u>
Change in Net Assets	<u>1,585,121</u>	<u>1,903,528</u>	<u>(3,371,343)</u>	<u>(1,923,548)</u>	<u>(1,786,222)</u>	<u>(20,020)</u>
Net Assets – Beginning	8,694,952	6,791,424	17,035,058	18,958,606	25,730,010	25,750,030
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>154,010</u>	<u>-</u>	<u>154,010</u>	<u>-</u>
Net Assets Beginning, as Restated	<u>8,694,952</u>	<u>6,791,424</u>	<u>17,189,068</u>	<u>18,958,606</u>	<u>25,884,020</u>	<u>25,750,030</u>
Net Assets – Ending	<u>\$ 10,280,073</u>	<u>\$ 8,694,952</u>	<u>\$ 13,817,725</u>	<u>\$ 17,035,058</u>	<u>\$ 24,097,798</u>	<u>\$ 25,730,010</u>

**Governmental Activities**

Over the last few years, the County has experienced slow but steady growth in tax revenues, despite the Proposal A restraints. For the 2005 budgets, revenues were conservatively estimated first and the expenditures reduced to match. As indicated by an addition to General Fund fund balance, departments were able to live within those budgets.

Revenue will continue to be an issue. The shift of revenue sharing to early tax collection, as dictated by the state, began during 2005 with the County recognizing their annual allotment of the new Revenue Sharing Reserve Fund as determined by the State of Michigan. Because all line items within each departmental budget are reduced to match revenues, any further reduction in sources of income must be reflected through additional cuts in expenditures. In turn, such reductions have the potential of adversely affecting both non-mandated and mandated services. Wexford County, by policy, wishes to maintain a 14% (General Fund) fund balance. The 2006 budget was done again with virtually no contingency dollars. Any potential overage in this year's budgeted expenses, if not offset by increased revenues, cannot be met without use of fund balance. Wexford County's prudent expenditure of monies in 2005 leaves it with a fund balance of \$1,810,036, which is just over 17% of the 2006 approved budget. While this is well over the County policy of 14%, it must be noted that a part of the fund balance is due to the change in funding of Revenue Sharing and is tax receivable for the portion of the 1/3 summer collection that is yet to be collected in 2006. This does not equate to cash. The County continues its efforts toward a more sound financial position and continues to enjoy a better financial environment than some counties in the State of Michigan.

In looking at the expenditure side, the issues remain the same. High unpredictable costs of operation may force unfavorable actions. These, to name a few, are:

- Employee Benefits
- Child Care Fund
- Sheriff Department overtime to meet unexpected demands
- Inmate Housing created by rental costs and/or unexpected influx of inmates. The social climate is one factor in this equation, the other is state-level changes at the Department of Corrections and the many alternatives this department creates to relieve its own budgetary shortfalls.
- Unexpected maintenance costs or capital improvement

**Business-Type Activities**

In regard to the business-type activities, net assets continued to fall, due to continued work at the Landfill. These expense areas involved the ongoing efforts to define potential ground-water contamination, leachate treatment costs, and overall operational cost increases. Foremost of these costs are the escalating expenses involving ground-water contamination and the costs associated with obtaining an approved remedial action plan.

Growing expenses at the Wexford County Landfill exceeded revenues by \$3,904,866, due to these mandated changes and operational expenses.

Water and sewer operations remained stable, despite an ongoing need to review operational and debt retirement expenses in relationship to fund excesses that are held by participating governmental units.

**The County's Funds**

Our analysis of the County's major funds begins on page 12, following the entity-wide financial statements. The individual fund financial statements provide detail information about the most significant funds, not the County as a whole. The County Board of Commissioners creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The County's major funds for 2005 include the General Fund, Revenue Sharing Reserve, 2004 Delinquent Tax Fund, Sanitary Landfill, and Unrestricted Treasurer's Fund.

The General Fund supports most of the County's governmental services. Police services, along with housing inmates outside the County are among the costliest services. Road Patrol services are supported by an operational millage. The Revenue Sharing Reserve Fund was new in 2004 and holds County taxes collected during the summer tax season. These funds will go back to the General fund in proportion to previously received State Revenue Sharing payments. The 2004 Delinquent Tax Fund is supported by interest and fees from the collection of delinquent taxes.

**Other Funds**

Other funds of note are:

- 2005 Delinquent Tax Fund
- Self Insurance Internal Service Fund

These reflect no unusual changes during 2005, though it is to be noted that the Self Insurance Internal Service Fund reflects an increase fund balance due to a reduction in overall health care costs for 2005.

**General Fund Budgetary Highlights**

Wexford County's General Fund budget for 2005 as originally adopted reflected a balanced projection for the year. The General Fund revenues came close to the budgeted projection, while expenditures came in slightly less. The County recognized an increase in the fund balance of the General Fund in the amount of \$339,004. As explained earlier, an additional tax receivable due to the summer collection of 1/3 of County taxes resulted in a portion of that increase. The remaining addition is again, due to the positive performance of each department within the County system.

**Capital Asset and Debt Administration**

As of December 31, 2005, the County had invested \$16,794,705 in capital assets that meet the dollar threshold of the reporting requirement. There were lesser dollar purchases as well for the purpose of upgrading selected personal computers.

The County reduced its bond debt load by \$118,000 in principal payments in 2005 ending with a debt balance of \$5,845,000. \$15,000 was for payments on revenue bonds; \$23,000 was for payment on special assessment bonds with the balance being put toward bonds for the Government Center building.

**Economic Factors and Next Year's Budgets and Rates**

As noted elsewhere, the County has experienced relatively stable revenue over many years, with any reductions in state revenue being offset to some degree by new residential construction and economic manufacturing/retail growth. Our dependence on such growth to offset the ever-expanding service requirements and the ongoing state philosophy to eliminate revenue sharing will become evident in 2006.

Property taxes account for nearly 49% of revenue generated, with charges for services generating nearly 33%. Due to the shift from state revenue to early collection, a point in time will be reached where cash flow will become an issue. In order to fund such a need, the County will need to consider using fund balance or tax revolving funds as the lending source.

Secondly, concern must be drawn to health insurance costs. Fortunately, the Board of Commissioners saw the value in 1990 and moved to a self-insurance program. This effort saved considerable resources initially and continues to be strong in holding costs, albeit not without risk. The County recognized a slight decrease in health care costs with the renewal effective May 1, 2006. Other benefit issues continue to be addressed by the County especially the retirement programs.

The County has not experienced any specific events that it believes will materially impact the County. Unfortunately, capped property tax rates and shrinking state shared revenues may have a direct impact in late 2006.

Wexford County must consider the following, however, in this year and in the future:

- Continuing the process to fund capital improvement or asset issues.
- Reestablishment of a contingency fund to handle legitimate emergencies.
- Address inmate housing and jail facility replacement.
- Continue to provide financial latitude for departmental managers within the parameters of their budgets.
- Landfill issues.

**Contacting the County's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the Office of Administration at 437 E. Division, Cadillac, Michigan 49601.

## **Basic Financial Statements**

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# County of Wexford, Michigan

## Statement of Net Assets December 31, 2005

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
<b>ASSETS:</b>				
<i><b>Current Assets:</b></i>				
Cash & Equivalents - Unrestricted	\$ 4,483,192	\$ 8,691,934	\$ 13,175,126	\$ 1,227,938
Investments - Unrestricted	150,988	3,831,435	3,982,423	-
Receivables:				
Accounts	104,790	272,877	377,667	1,594,414
Taxes	9,628,346	1,069,435	10,697,781	615,183
Interest	-	132,347	132,347	32
Special Assessments	497,259	-	497,259	-
Loans	1,003,688	-	1,003,688	-
Due from Governmental Units	587,208	37,353	624,561	347,302
Inventory	3,398	-	3,398	707,965
Prepaid Expenses	74,527	1,044	75,571	35,723
<i><b>Noncurrent Assets:</b></i>				
Cash & Equivalents - Restricted	-	280,000	280,000	-
Investments - Restricted	-	1,193,445	1,193,445	-
Capital Assets (Not Depreciated)	78,562	3,813,331	3,891,893	7,572,224
Capital Assets (Net of Accumulated Depreciation)	7,891,534	5,011,278	12,902,812	21,372,289
<b>TOTAL ASSETS</b>	<b>\$ 24,503,492</b>	<b>\$ 24,334,479</b>	<b>\$ 48,837,971</b>	<b>\$ 33,473,070</b>
<b>LIABILITIES:</b>				
<i><b>Current Liabilities:</b></i>				
Accounts Payable	\$ 519,500	\$ 1,200,078	\$ 1,719,578	\$ 174,790
Accrued Liabilities	91,488	18,616	110,104	129,059
Accrued Interest Payable	106,693	-	106,693	-
Due to Governmental Units	27,397	160	27,557	1,715
Deferred Revenue	7,669,313	-	7,669,313	175,719
Other Liabilities	-	460	460	33,689
Bonds Payable - Current	109,000	15,000	124,000	-
Capital Lease Payable - Current	87,486	106,963	194,449	21,058
Notes Payable - Current	-	-	-	134,791
<i><b>Noncurrent Liabilities:</b></i>				
Bonds Payable	5,056,000	665,000	5,721,000	-
Capital Lease Payable	265,160	352,090	617,250	21,079
Advance from State	-	-	-	441,945
Notes Payable	-	-	-	403,100
Compensated Absences	291,382	-	291,382	354,729
Estimated Liability for Landfill Closure & Postclosure Costs	-	8,158,387	8,158,387	-
<b>TOTAL LIABILITIES</b>	<b>14,223,419</b>	<b>10,516,754</b>	<b>24,740,173</b>	<b>1,891,674</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets (net of related debt)	2,452,450	7,685,556	10,138,006	28,364,485
Restricted for Public Library	-	-	-	15,053
Restricted for County Road	-	-	-	1,531,219
Restricted (See Note 12)	4,404,086	-	4,404,086	-
Unrestricted	3,423,537	6,132,169	9,555,706	1,670,639
<b>TOTAL NET ASSETS</b>	<b>\$ 10,280,073</b>	<b>\$ 13,817,725</b>	<b>\$ 24,097,798</b>	<b>\$ 31,581,396</b>

# County of Wexford, Michigan

## Statement of Activities For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 51,321	\$ -	\$ -	\$ -	\$ (51,321)	\$ -	\$ (51,321)	\$ -
Judicial	2,225,889	762,211	775,061	-	(688,617)	-	(688,617)	-
General Government	2,967,404	957,894	570,052	-	(1,439,458)	-	(1,439,458)	-
Public Safety	5,467,683	850,183	684,902	63,357	(3,869,241)	-	(3,869,241)	-
Recreation & Culture	613,797	306,888	108,301	-	(198,608)	-	(198,608)	-
Health & Welfare	1,904,699	114,749	521,159	-	(1,268,791)	-	(1,268,791)	-
Community & Economic Development	237,391	30,705	183,889	-	(22,797)	-	(22,797)	-
Interest expense - Unallocated	355,515	-	-	-	(355,515)	-	(355,515)	-
Other Expenses	544,756	-	-	-	(544,756)	-	(544,756)	-
Total Governmental Activities	14,368,455	3,022,630	2,843,364	63,357	(8,439,104)	-	(8,439,104)	-
<b>Business-type activities:</b>								
Tax Collection	7,103	445,911	-	-	-	438,808	438,808	-
Landfill	5,655,540	2,108,093	-	-	-	(3,547,447)	(3,547,447)	-
Water & Wastewater	495,190	578,004	-	-	-	82,814	82,814	-
Other	344,944	72,682	-	-	-	(272,262)	(272,262)	-
Total Business-type Activities	6,502,777	3,204,690	-	-	-	(3,298,087)	(3,298,087)	-
Total Primary Government	\$ 20,871,232	\$ 6,227,320	\$ 2,843,364	\$ 63,357	\$ (8,439,104)	(3,298,087)	(11,737,191)	-
<b>Component Units:</b>								
Transit Authority	\$ 1,607,450	\$ 247,557	\$ 734,806	\$ 95,830				(529,257)
Airport Authority	595,266	327,433	71,800	164,910				(31,123)
Public Library	906,410	3,710	9,000	-				(893,700)
Road Commission	6,255,221	1,763,069	5,813,334	-				1,321,182
Total Component Units	9,364,347	2,341,769	6,628,940	260,740				(132,898)
Total	\$ 30,235,579	\$ 8,569,089	\$ 9,472,304	\$ 324,097				(132,898)
<b>General Revenues:</b>								
Taxes					9,348,772	-	9,348,772	912,828
Federal, State, & Local - General					-	-	-	279,129
Investment Earnings (Loss)					183,120	363,900	547,020	46,449
Other Revenue					40,481	35,006	75,487	151,292
Transfers					451,852	(451,852)	-	-
<b>Total General Revenues and Transfers</b>					10,024,225	(52,946)	9,971,279	1,389,698
Change in Net Assets					1,585,121	(3,351,033)	(1,765,912)	1,256,800
Net Assets - Beginning					8,694,952	17,035,058	25,730,010	30,324,596
Prior Period Adjustment					-	154,010	154,010	-
Net Assets, As Restated					8,694,952	17,189,068	25,884,020	30,324,596
<b>Net Assets - Ending</b>					\$ 10,280,073	\$ 13,838,035	\$ 24,118,108	\$ 31,581,396

See accompanying notes to financial statements.

# County of Wexford, Michigan

## Balance Sheet Governmental Funds December 31, 2005

	General	Revenue Sharing Reserve	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash & Equivalents - Unrestricted	\$ 1,538,989	\$ 962,815	\$ 1,842,883	\$ 4,344,687
Investments - Unrestricted	-	-	150,988	150,988
Receivables:				
Accounts	86,644	-	18,146	104,790
Taxes	5,892,932	1,809,033	1,926,381	9,628,346
Special Assessments	-	-	497,259	497,259
Loans	-	-	1,003,688	1,003,688
Due from Governmental Units	441,957	-	145,251	587,208
Prepaid Expenditures	1,524	-	154	1,678
Inventories	-	-	3,398	3,398
<b>TOTAL ASSETS</b>	<b>\$ 7,962,046</b>	<b>\$ 2,771,848</b>	<b>\$ 5,588,148</b>	<b>\$ 16,322,042</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 329,334	\$ -	\$ 167,069	\$ 496,403
Accrued Liabilities	79,744	-	11,744	91,488
Due to Governmental Units	-	-	27,397	27,397
Deferred Revenue	5,742,932	-	3,427,328	9,170,260
<b>TOTAL LIABILITIES</b>	<b>6,152,010</b>	<b>-</b>	<b>3,633,538</b>	<b>9,785,548</b>
<b>FUND BALANCES:</b>				
Reserved	-	2,771,848	-	2,771,848
Unreserved:				
Undesignated	1,810,036	-	1,954,610	3,764,646
<b>TOTAL FUND BALANCES</b>	<b>1,810,036</b>	<b>2,771,848</b>	<b>1,954,610</b>	<b>6,536,494</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,962,046</b>	<b>\$ 2,771,848</b>	<b>\$ 5,588,148</b>	

### Reconciliation to amounts reported for governmental activities in the statement of net assets:

Capital assets used by governmental activities	7,970,096
Revenues from Home Improvement Loans & Special Assessments	1,500,947
Long-term notes & leases payable for governmental activities	(5,517,646)
Compensated absences liability	(291,382)
Internal service funds included in governmental activities	188,257
Accrued interest payable	(106,693)
<b>Net assets of governmental activities</b>	<b>\$ 10,280,073</b>

# County of Wexford, Michigan

## Statement of Changes in Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2005

	General	Revenue Sharing Reserve	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 5,658,780	\$ 1,809,033	\$ 1,880,959	\$ 9,348,772
Special Assessments	-	-	85,712	85,712
Licenses & Permits	5,519	-	8,435	13,954
Intergovernmental Revenue:				
Federal Sources	863,652	-	470,196	1,333,848
State Sources	850,191	-	675,324	1,525,515
Local Sources	8,004	-	39,354	47,358
Charges for Services	1,200,615	-	745,456	1,946,071
Fines & Forfeitures	42,193	-	23,814	66,007
Interest & Rentals	120,408	11,296	51,416	183,120
Other Revenue	534,890	-	221,502	756,392
<b>TOTAL REVENUES</b>	<b>9,284,252</b>	<b>1,820,329</b>	<b>4,202,168</b>	<b>15,306,749</b>
<b>EXPENDITURES:</b>				
Legislative	51,321	-	-	51,321
Judicial	2,225,889	-	-	2,225,889
General Government	2,706,041	-	80,223	2,786,264
Public Safety	4,229,430	-	1,115,566	5,344,996
Recreation & Culture	-	-	368,333	368,333
Health & Welfare	83,151	-	1,821,548	1,904,699
Community & Economic Development	41,676	-	196,111	237,787
Capital Outlay	10,555	-	430,003	440,558
Debt Service	-	-	461,285	461,285
Other Expenditures	549,759	-	1,000	550,759
<b>TOTAL EXPENDITURES</b>	<b>9,897,822</b>	<b>-</b>	<b>4,474,069</b>	<b>14,371,891</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(613,570)</b>	<b>1,820,329</b>	<b>(271,901)</b>	<b>934,858</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	1,557,396	-	944,822	2,502,218
Operating Transfers Out	(614,822)	(556,863)	(878,681)	(2,050,366)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>329,004</b>	<b>1,263,466</b>	<b>(205,760)</b>	<b>1,386,710</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,481,032</b>	<b>1,508,382</b>	<b>2,160,370</b>	<b>5,149,784</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,810,036</b>	<b>\$ 2,771,848</b>	<b>\$ 1,954,610</b>	<b>\$ 6,536,494</b>

# County of Wexford, Michigan

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2005

Net Changes in fund balances - total governmental funds		1,386,710
The change in net assets reported for governmental activities in the statement of activities is different because:		
Disposal of fixed assets		(5,309)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$337,823) exceeded capital outlay \$444,442 in the current period.		106,619
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of assets.		
Principal Payments		103,000
Lease Payments		77,516
Capital Lease Proceeds		(264,193)
Special assessments revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days after year end.		(45,231)
Home Improvement Loan program revenue is recorded as revenue when earned; they are not reported in the funds until collected.		96,740
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:		
Compensated absences	(16,967)	
Accrued interest on bonds	<u>2,770</u>	(14,197)
Internal Service Funds are included as governmental activities.		<u>143,466</u>
Changes in net assets of governmental activities		<u>\$ 1,585,121</u>

Statement of Net Assets  
Proprietary Funds  
December 31, 2005

	Business-type Activities						Governmental Activities
	Enterprise Funds						Internal Service Fund
	2004 Delinquent Tax	Landfill	Unrestricted Treasurer's Funds	Haring Twp Water System	Non-Major Enterprise Funds	Total Enterprise Funds	Self Insurance Fund
<b>ASSETS:</b>							
<i>Current Assets:</i>							
Cash & Equivalents - Unrestricted	\$ 1,899,801	\$ 3,580,048	\$ 1,172,919	\$ 586,822	\$ 1,452,344	\$ 8,691,934	\$ 138,505
Investments - Unrestricted	-	3,831,435	-	-	-	3,831,435	-
Receivables:							
Accounts	-	167,788	-	20,415	84,674	272,877	-
Taxes	944,434	-	614	-	124,387	1,069,435	-
Interest	94,443	-	-	-	37,904	132,347	-
Due from Other Governmental Units	34,292	-	-	-	3,061	37,353	-
Prepaid Expenses	-	-	-	-	1,044	1,044	72,849
Total Current Assets	2,972,970	7,579,271	1,173,533	607,237	1,703,414	14,036,425	211,354
<i>Noncurrent Assets:</i>							
Cash & Equivalents - Restricted	-	280,000	-	-	-	280,000	-
Investments - Restricted	-	1,193,445	-	-	-	1,193,445	-
Capital Assets (not depreciated)	-	3,813,331	-	-	-	3,813,331	-
Capital Assets (net of accumulated depreciation)	-	3,011,952	-	1,674,093	325,233	5,011,278	-
Total Noncurrent Assets	-	8,298,728	-	1,674,093	325,233	10,298,054	-
<b>TOTAL ASSETS</b>	<u>2,972,970</u>	<u>15,877,999</u>	<u>1,173,533</u>	<u>2,281,330</u>	<u>2,028,647</u>	<u>24,334,479</u>	<u>211,354</u>
<b>LIABILITIES &amp; NET ASSETS:</b>							
<i>Current Liabilities:</i>							
Accounts Payable	-	1,176,898	-	1,119	22,061	1,200,078	23,096
Accrued Liabilities	-	5,963	-	7,660	4,993	18,616	-
Due to Other Governmental Units	-	-	-	-	160	160	-
Capital Leases Payable - Current	-	106,963	-	-	-	106,963	-
Bonds Payable - Current	-	-	-	15,000	-	15,000	-
Other Liabilities	-	-	-	-	460	460	-
Total Current Liabilities	-	1,289,824	-	23,779	27,674	1,341,277	23,096
<i>Noncurrent Liabilities:</i>							
Capital Leases Payable	-	352,090	-	-	-	352,090	-
Bonds Payable	-	-	-	665,000	-	665,000	-
Estimated Liability for Landfill Closure & Postclosure Costs	-	8,158,387	-	-	-	8,158,387	-
Total Noncurrent Liabilities	-	8,510,477	-	665,000	-	9,175,477	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>9,800,301</u>	<u>-</u>	<u>688,779</u>	<u>27,674</u>	<u>10,516,754</u>	<u>23,096</u>
<i>Net Assets:</i>							
Invested in Capital Assets (net of related debt)	-	6,366,230	-	994,093	325,233	7,685,556	-
Unrestricted	2,972,970	(288,532)	1,173,533	598,458	1,675,740	6,132,169	188,258
<b>TOTAL NET ASSETS</b>	<u>\$ 2,972,970</u>	<u>\$ 6,077,698</u>	<u>\$ 1,173,533</u>	<u>\$ 1,592,551</u>	<u>\$ 2,000,973</u>	<u>\$ 13,817,725</u>	<u>\$ 188,258</u>

# County of Wexford, Michigan

## Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds For the Year Ended December 31, 2005

	Business-type Activities						Governmental Activities
	Enterprise Funds						Internal Service Fund
	2004 Delinquent Tax	Landfill	Unrestricted Treasurer's Funds	Haring Twp Water System	Non-Major Enterprise Funds	Total Enterprise Funds	Self Insurance Fund
<b>OPERATING REVENUES:</b>							
Interest & Penalties	\$ 176,044	\$ -	\$ 799	\$ -	\$ 67,503	\$ 244,346	\$ -
Charges for Services	96,926	2,092,415	-	205,195	550,130	2,944,666	-
Fines & Forfeitures	-	15,678	-	-	-	15,678	-
Premiums - Health Insurance	-	-	-	-	-	-	1,387,068
Other Revenue	-	9,990	-	490	24,526	35,006	-
Total Operating Revenues	272,970	2,118,083	799	205,685	642,159	3,239,696	1,387,068
<b>OPERATING EXPENSES:</b>							
Salaries & Benefits	-	393,651	-	72,267	296,034	761,952	-
Supplies	-	79,153	-	13,913	47,771	140,837	-
Contractual Services	-	6,273	-	-	-	6,273	-
Landfill Closure & Postclosure Costs	-	2,492,246	-	-	-	2,492,246	-
Administrative	-	-	-	-	-	-	79,687
Health Care	-	-	-	-	-	-	559,084
Prescriptions	-	-	-	-	-	-	360,849
Reinsurance	-	-	-	-	-	-	145,288
Dental	-	-	-	-	-	-	98,694
Other Services & Charges	-	1,134,708	5,134	32,689	257,818	1,430,349	-
Repair & Maintenance	-	59,694	-	456	535	60,685	-
Repair & Maintenance - Site	-	1,145,928	-	-	-	1,145,928	-
Depreciation	-	343,887	-	46,872	31,118	421,877	-
Total Operating Expenses	-	5,655,540	5,134	166,197	633,276	6,460,147	1,243,602
<b>OPERATING INCOME (LOSS)</b>	272,970	(3,537,457)	(4,335)	39,488	8,883	(3,220,451)	143,466
<b>NON-OPERATING REVENUES (EXPENSES):</b>							
Interest Earnings	-	288,982	27,117	13,896	39,450	369,445	-
Interest Expense	-	(20,310)	-	(42,630)	-	(62,940)	-
Unrealized Loss on Investments	-	(5,545)	-	-	-	(5,545)	-
Total Non-operating Revenues (Expenses)	-	263,127	27,117	(28,734)	39,450	300,960	-
Income (loss) before transfers	272,970	(3,274,330)	22,782	10,754	48,333	(2,919,491)	143,466
Operating Transfers In	2,700,000	-	384,018	-	393,520	3,477,538	-
Operating Transfers Out	-	(630,536)	(2,755,686)	(34,549)	(508,619)	(3,929,390)	-
<b>CHANGE IN NET ASSETS</b>	2,972,970	(3,904,866)	(2,348,886)	(23,795)	(66,766)	(3,371,343)	143,466
NET ASSETS, JANUARY 1	-	9,828,554	3,522,419	1,616,346	2,067,739	17,035,058	44,791
PRIOR PERIOD ADJUSTMENT	-	154,010	-	-	-	154,010	-
NET ASSETS, JANUARY 1, AS RESTATED	-	9,982,564	3,522,419	1,616,346	2,067,739	17,189,068	44,791
<b>NET ASSETS, DECEMBER 31</b>	<u>\$ 2,972,970</u>	<u>\$ 6,077,698</u>	<u>\$ 1,173,533</u>	<u>\$ 1,592,551</u>	<u>\$ 2,000,973</u>	<u>\$ 13,817,725</u>	<u>\$ 188,257</u>

## Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2005

	Business-type Activities						Governmental Activities
	Enterprise Funds						Internal Service Fund
	2004 Delinquent Tax Fund	Landfill	Unrestricted Treasurer's Funds	Haring Twp Water System	Non-Major Enterprise Funds	Total Enterprise Funds	Self Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from Customers/payments (to) from other governmental unit	\$ 2,153,928	\$ 2,078,101	\$ 185	206,080	\$ 1,516,319	\$ 5,954,613	\$ 1,320,538
Payments to Suppliers	(2,954,127)	(1,531,331)	(5,134)	(50,575)	(293,084)	(4,834,251)	(1,233,818)
Payments to Employees	-	(393,877)	-	(73,262)	(294,970)	(762,109)	-
Internal Activity - Payments/Receipts with Other Fund	-	-	2,500,000	-	(2,500,160)	(160)	-
Net Cash Provided (Used) by Operating Activities:	(800,199)	152,893	2,495,051	82,243	(1,571,895)	358,093	86,720
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Purchase of Capital Assets	-	(3,715,525)	-	-	-	(3,715,525)	-
Other Capital Activities	-	154,010	-	-	-	154,010	-
Principal Payments	-	(103,027)	-	(15,000)	-	(118,027)	-
Interest Payments	-	(20,310)	-	(42,630)	-	(62,940)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(3,684,852)	-	(57,630)	-	(3,742,482)	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Operating transfers in	2,700,000	-	384,018	-	393,520	3,477,538	-
Operating transfers out	-	(630,536)	(2,755,686)	(34,549)	(508,619)	(3,929,390)	-
Net Cash Provided (Used) by Noncapital Financing Activities	2,700,000	(630,536)	(2,371,668)	(34,549)	(115,099)	(451,852)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Net Change in Investments	-	1,952,564	-	-	-	1,952,564	-
Unrealized Loss on Investment	-	(5,545)	-	-	-	(5,545)	-
Interest income	-	288,982	27,117	13,896	39,450	369,445	-
Net Cash Provided (Used in) Investing Activities	-	2,236,001	27,117	13,896	39,450	2,316,464	-
Net Increase (Decrease) in Cash and Cash Equivalent:	1,899,801	(1,926,494)	150,500	3,960	(1,647,544)	(1,519,777)	86,720
Balances - Beginning of the Year	-	5,786,542	1,022,419	582,862	3,099,888	10,491,711	51,785
Balances - End of the Year	\$ 1,899,801	\$ 3,860,048	\$ 1,172,919	\$ 586,822	\$ 1,452,344	\$ 8,971,934	\$ 138,505
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>							
Operating Income (Loss)	\$ 272,970	\$ (3,537,457)	\$ (4,335)	39,488	\$ 8,883	\$ (3,220,451)	\$ 143,466
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Depreciation	-	343,887	-	46,872	31,118	421,877	-
Change in Assets and Liabilities							
Taxes Receivable	(944,434)	-	(614)	-	805,941	(139,107)	-
Accounts Receivable	-	(39,982)	-	395	(8,175)	(47,762)	6,319
Interest Receivable	(94,443)	-	-	-	79,141	(15,302)	-
Prepaid Expenses	-	-	-	-	-	-	(72,849)
Due From Other Governmental Units	(34,292)	-	-	-	(2,747)	(37,039)	-
Due From Other Funds	-	-	2,500,000	-	-	2,500,000	-
Accounts Payable	-	894,425	-	(3,517)	12,753	903,661	9,784
Accrued Liabilities	-	(226)	-	(995)	1,064	(157)	-
Estimated Liability for Landfill Closure & Post Closure Cost	-	2,492,246	-	-	-	2,492,246	-
Due to Other Funds	-	-	-	-	(2,500,000)	(2,500,000)	-
Due to Other Governmental Funds	-	-	-	-	(160)	(160)	-
Other Liabilities	-	-	-	-	287	287	-
Net Cash Provided (Used) by Operating Activities:	\$ (800,199)	\$ 152,893	\$ 2,495,051	\$ 82,243	\$ (1,571,895)	\$ 358,093	\$ 86,720



# County of Wexford, Michigan

## Statement of Fiduciary Net Assets Fiduciary Funds December 31, 2005

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash & Equivalents - Unrestricted	<u>\$ 1,016,477</u>
 TOTAL ASSETS	 <u><u>1,016,477</u></u>
 <b>LIABILITIES:</b>	
Accounts Payable	32,548
Accrued & Other Liabilities	7,556
Due to Other Governmental Units	<u>976,373</u>
 TOTAL LIABILITIES	 <u><u>\$ 1,016,477</u></u>

## **Component Unit Financial Statements**

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# County of Wexford, Michigan

## Statement of Net Assets Component Units December 31, 2005

	Cadillac- Wexford Transit Authority	Wexford County Airport Authority	Cadillac- Wexford Public Library	Wexford County Road Commission	Totals
<b>ASSETS:</b>					
<i>Current Assets:</i>					
Cash	\$ 202,803	\$ 138,761	\$ 522,653	\$ 363,721	\$ 1,227,938
Receivables:					
Accounts	16,885	6,761	232	1,570,536	1,594,414
Accrued Interest	32	-	-	-	32
Taxes	-	-	615,183	-	615,183
Due From Other Governments	347,302	-	-	-	347,302
Inventory	-	41,750	-	666,215	707,965
Prepaid Expenses	29,081	550	6,092	-	35,723
Total Current Assets	596,103	187,822	1,144,160	2,600,472	4,528,557
<i>Noncurrent Assets:</i>					
Capital Assets (Not Depreciated)	46,225	125,000	-	7,400,999	7,572,224
Capital Assets (Net of Accumulated Depreciation)	988,543	1,895,263	538,241	17,950,242	21,372,289
Total Noncurrent Assets	1,034,768	2,020,263	538,241	25,351,241	28,944,513
TOTAL ASSETS	\$ 1,630,871	\$ 2,208,085	\$ 1,682,401	\$ 27,951,713	\$ 33,473,070
<b>LIABILITIES &amp; NET ASSETS:</b>					
<i>Current Liabilities:</i>					
Accounts Payable	37,381	2,342	8,541	126,526	174,790
Accrued Liabilities	32,207	2,220	16,187	78,445	129,059
Due to the State	-	-	-	1,715	1,715
Deferred Revenue	-	-	-	175,719	175,719
Capital Lease Payable	-	-	21,058	-	21,058
Installment Purchase Contracts Payable	-	-	-	34,791	34,791
Notes Payable	-	-	-	100,000	100,000
Compensated Absences	-	8,866	-	24,823	33,689
Total Current Liabilities	69,588	13,428	45,786	542,019	670,821
<i>Noncurrent Liabilities:</i>					
Advance from State	-	-	-	441,945	441,945
Capital Lease Payable	-	-	21,079	-	21,079
Installment Purchase Contracts Payable	-	-	-	3,100	3,100
Notes Payable	-	-	-	400,000	400,000
Compensated Absences	74,625	-	60,024	220,080	354,729
Total Noncurrent Liabilities	74,625	-	81,103	1,065,125	1,220,853
TOTAL LIABILITIES	144,213	13,428	126,889	1,607,144	1,891,674
<i>Net Assets:</i>					
Invested in Capital Assets, net of related debt	1,034,768	2,020,263	496,104	24,813,350	28,364,485
Restricted for Public Library	-	-	15,053	-	15,053
Restricted for County Road	-	-	-	1,531,219	1,531,219
Unrestricted	451,890	174,394	1,044,355	-	1,670,639
TOTAL NET ASSETS	1,486,658	2,194,657	1,555,512	26,344,569	31,581,396
TOTAL LIABILITIES AND NET ASSETS	\$ 1,630,871	\$ 2,208,085	\$ 1,682,401	\$ 27,951,713	\$ 33,473,070

See accompanying notes to financial statements.

# County of Wexford, Michigan

## Statement of Activities Component Units For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Cadillac- Wexford Transit Authority	Wexford County Airport Authority	Cadillac- Wexford Public Library	Wexford County Road Commission	
<b>Cadillac-Wexford Transit Authority:</b>									
Public Works	\$ 1,607,450	\$ 247,557	\$ 734,806	\$ 95,830	\$ (529,257)	\$ -	\$ -	\$ -	\$ (529,257)
<b>Wexford County Airport Authority:</b>									
Public Works	595,266	327,433	71,800	164,910	-	(31,123)	-	-	(31,123)
<b>Cadillac-Wexford Public Library:</b>									
Recreation and Culture	906,410	3,710	9,000	-	-	-	(893,700)	-	(893,700)
<b>Wexford County Road Commission</b>									
Public Works	6,255,221	1,763,069	5,813,334	-	-	-	-	1,321,182	1,321,182
Total Component Units	<u>\$ 9,364,347</u>	<u>\$ 2,341,769</u>	<u>\$ 6,628,940</u>	<u>\$ 260,740</u>	<u>(529,257)</u>	<u>(31,123)</u>	<u>(893,700)</u>	<u>1,321,182</u>	<u>(132,898)</u>
<b>General Revenues:</b>									
Taxes					312,314	-	600,514	-	912,828
State Sources					-	-	279,129	-	279,129
Investment Earnings					2,930	2,428	17,989	23,102	46,449
Other					400	3,354	29,012	118,526	151,292
<b>Total General Revenues</b>					<u>315,644</u>	<u>5,782</u>	<u>926,644</u>	<u>141,628</u>	<u>1,389,698</u>
Changes in Net Assets					(213,613)	(25,341)	32,944	1,462,810	1,256,800
Net Assets - Beginning					1,700,271	2,219,998	1,522,568	24,881,759	30,324,596
<b>Net Assets - Ending</b>					<u>\$ 1,486,658</u>	<u>\$ 2,194,657</u>	<u>\$ 1,555,512</u>	<u>\$ 26,344,569</u>	<u>\$ 31,581,396</u>

## **Notes to the Financial Statements**

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Wexford, Michigan, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the County:

### **A – Reporting Entity:**

#### **Financial Reporting Entity**

The County operates under an elected Board of Commissioners and provides services to its residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the County of Wexford and its component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governmental body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. Based on the application of these criteria, the following is a brief review of each potential component unit addressed in defining the County's reporting entity.

#### Component Units:

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

#### **Blended Component Units**

County of Wexford Building Authority – The Building Authority is a County created and directed authority, whose sole business activity is acquiring and leasing property to the County. The Building Authority operations consist of the issuance and repayment of debt and the construction of facilities. The financial statements of the Building Authority are consolidated with the financial statements of the County as follows:

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a. The assets of the Building Authority held for payment of outstanding bond issues are reported in the Debt Service Funds.
- b. Fixed assets (completed construction projects) of the Building Authority are reported as capital assets in the statement of net assets.

### Discretely Presented Component Units

The component units column in the government-wide financial statements include the financial data of the other component units of the County. The following is a summary of the component units:

Cadillac – Wexford Transit Authority – On June 23, 1981, the City of Cadillac and the County of Wexford created the Cadillac-Wexford Transit Authority, a separate legal and administrative unit of government pursuant to the Urban Cooperation Act. The purpose of the Transit Authority is to provide public transportation services to the general public within Wexford County. The Transit Authority began to provide transportation services on September 1, 1982. The Transit Authority is financed by state and federal subsidies as well as a countywide tax levy. The Authority has a September 30th year end. A complete financial report for the component unit can be obtained from the following:

Cadillac – Wexford Transit Authority  
1202 N. Mitchell St.  
Cadillac, Michigan 49601

Wexford County Airport Authority – The Wexford County Airport Authority was organized to own and operate the Wexford County Airport in Cadillac, Michigan. The Authority Board is composed of seven members, four of whom are appointed by Wexford County and three of whom are appointed by the City of Cadillac. A complete financial report for the component unit can be obtained from the following.

Wexford County Airport Authority  
8040 W. 34 Rd.  
Cadillac, Michigan 49601

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cadillac – Wexford Public Library – The Cadillac-Wexford Public Library provides library services to the Wexford County area from its facilities located in Cadillac. The Library is also responsible for operating the Tustin and Mesick Libraries, along with providing salaries and fringe benefits to the Manton Library. The Library Board consists of 10 members, four of whom are appointed by the City of Cadillac and six of whom are appointed by Wexford County. A complete financial report for the component unit can be obtained from the following:

Cadillac – Wexford Public Library  
411 S. Lake St.  
Cadillac, Michigan 49601

Wexford County Road Commission – The Wexford County Road Commission is an independent governmental agency operated under the jurisdiction of the State of Michigan and Wexford County. The commission is charged with the responsibility of maintaining all primary and local road systems in Wexford County. A complete financial report for the component unit can be obtained from the following:

Wexford County Road Commission  
85 W. M-115  
Boon, Michigan 49618

## B – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C – Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

### Taxes Receivable – Current or Property Taxes

The County of Wexford property tax is levied on each December 1st and July 1st on the taxable valuation of property (as defined by State statutes) located in the County of Wexford as of the preceding December 31st and July 1st.

Although the County of Wexford 2004 ad valorem tax is levied and collectible on December 1, 2004, and 2005 ad valorem tax is levied and collectible on July 1, 2005, it is the County of Wexford's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be paid from the delinquent tax revolving funds within one year.

The 2004 taxable valuation of the County of Wexford totaled \$796,007,291, on which ad valorem taxes levied consisted of 6.8179 mills for the County operating, .9292 mills for Public Safety, .3422 mills for Animal Control, and .9942 mills for Council on Aging, raising \$5,427,098 for operating, \$739,650 for Public Safety, \$272,394 for Animal Control, and \$791,390 for Council on Aging. These amounts are recognized in the respective General and Special Revenue Fund financial statements as taxes receivable – current or as tax revenue.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The July 1, 2005 taxable valuation of the County of Wexford totaled \$852,451,755, on which ad valorem taxes levied consisted of 2.2663 mills for the General Fund, this amount is recognized in the General Fund as revenue.

The County also raised \$1,809,033 for the Revenue Sharing Reserve. This amount was 1/3 of the County's operating levy in 2004.

The County reports the following major governmental funds:

### **General Fund**

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

### **Revenue Sharing Reserve**

This fund was established to replace lost revenue sharing funds.

The County reports the following major proprietary funds:

### **Sanitary Landfill Fund**

The Sanitary Landfill Fund is an Enterprise Fund operated by the Wexford County Department of Public Works. Located in Cedar Creek Township, the landfill is operated for the disposal of solid waste within Wexford County.

### **Unrestricted Treasurer's Fund**

The Unrestricted Treasurer's Fund consists of the surplus accumulated through the collection, administration, and operation of each specific delinquent tax fund. Use of this fund is subject to guidelines set forth in Resolution 3-20, which was approved June 4, 2003 establishing the following priorities: (1) self-fund the delinquent tax distribution to various taxing units as opposed to borrowing, and (2) elimination of obligations for debt service where possible.

### **2004 Delinquent Tax Fund**

The 2004 Delinquent Tax Fund was established to collect and receive the 2004 delinquent taxes along with the administration and operation of that specific tax year. The fund will be closed out after the reversion process has been completed.

### **Haring Township Water System Fund**

The Haring Township water system fund accounts for the operations of the water system.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Permanent Fund**

The Public Health Trust is the County's only permanent fund. The principle portion of this fund must stay intact, but the interest earnings are used to provide for the Trust's purpose.

### **Internal Service Fund**

This fund accounts for insurance services as provided to other departments of the government on a cost reimbursement basis.

### **Agency Funds**

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for tax collections and refuse disposal. Operating expenses for proprietary funds include the cost of sales and services, and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D - Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from all funds except for the delinquent tax funds are allocated to each fund based on month end cash balance. The pooled investment income for the Delinquent Tax Funds is generally allocated to each fund based on the average daily cash balance. Deposits are recorded at cost.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Contract Receivables – Contracts receivable represent special assessment revenue due from of the County’s residents in association with debt that was issued to construct water and sewer systems for the residents.

Inventories and Prepaid Items – All inventories, including the cost of supplies, except for the Civic Center are expensed when purchased. Inventory for the Civic Center is recorded at cost on the first in/first out method. Expenditures for insurance and similar services are expensed when paid.

Restricted Assets – Restricted assets consist of a letter of credit and other funds set aside for landfill bonding and closing maintenance and monitoring (See Note 13).

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	60 years
Building Improvements	10 years
Vehicles	10 years
Office Equipment	8 years
Computer Equipment	8 years

Deposit with Insurance Agent – Deposit with insurance agent represents funds on reserve with the Michigan Municipal Risk Management Authority to be used to fund the general liability claims of the County.

Compensated Absences (Vacation and Sick Leave) – It is the County's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A portion of the sick pay, depending on department, and all vacation pay is eligible to be paid out when employees separate from service with the County. The sick and vacation pay that is eligible to be paid out when employees separate from service with the County is accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not.

Grants and Other Intergovernmental Revenues – Federal grants and assistance awards for all governmental type funds are recorded as intergovernmental revenue in accordance with the terms of the representative grants.

Interfund Transfers – During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by County management.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information – Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

Budgets and Budgetary Control – The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each September, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing January 1 and lapses on December 31. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to January 1, the budget is legally enacted through a resolution passed by the Board of Commissioners.
- d. Budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

Budgeted amounts are as originally adopted or amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations which were amended. The modified accrual basis of accounting is used for budgetary purposes.

The General Fund revenue budget was adopted on the basis of activities or programs financed by the General Fund.

## NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for Governmental Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted. The original budget adopted for the General fund was modified throughout the year through various budget amendments.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

## NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the County's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Total Primary Government	Fiduciary Funds	Component Units
Cash and Cash Equivalents - Unrestricted	\$ 4,483,192	\$ 8,691,934	\$ 13,175,126	\$ 1,016,477	\$ 1,227,938
Cash and Cash Equivalents - Restricted	-	280,000	280,000	-	-
Total	<u>\$ 4,483,192</u>	<u>\$ 8,971,934</u>	<u>\$ 13,455,126</u>	<u>\$ 1,016,477</u>	<u>\$ 1,227,938</u>

The breakdown between deposits is as follows:

	Primary Government	Fiduciary Funds	Component Units
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 13,443,285	\$ 1,016,477	\$ 1,227,938
Petty Cash and Cash on Hand	11,841	-	-
Total	<u>\$ 13,455,126</u>	<u>\$ 1,016,477</u>	<u>\$ 1,227,938</u>

Cash has been restricted in the Landfill fund for closure and post closure liability.

	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Investments:					
U.S. Treasury	\$ 2,564,395	\$ 1,823,068	\$ 741,327	\$ -	\$ -
Money Market	1,887,652	1,887,652	-	-	-
Asset Backed Securities	723,821	723,821	-	-	-
Total Investments	<u>\$ 5,175,868</u>	<u>\$ 4,434,541</u>	<u>\$ 741,327</u>	<u>\$ -</u>	<u>\$ -</u>

## NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Government Activities	\$ 150,988
Business Activities:	
Unrestricted	3,831,435
Restricted	<u>1,193,445</u>
Total	<u>\$ 5,175,868</u>

### **Investment and Deposit Risk**

*Interest rate risk.* The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices.

*Custodial credit risk.* Investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party. Of the County's \$5,175,868 investments, \$0 is not in the name of the County.

*Custodial deposit credit risk.* Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$14,216,283 of the County's bank balance of \$14,648,566 was exposed to credit risk because it was uninsured and uncollateralized. \$432,283 was insured and collateralized by the pledging financial institution.

### **Statutory Authority:**

Michigan Law (Public Act 20 of 1943 as amended) authorizes the County to deposit and invest in one or more of the following:

- a. Bond, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.



### NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in a.
- e. Banker's acceptance of United States banks.
- f. Obligations of this State or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- h. Obligation described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

### FAIR VALUE OF INVESTMENT ACTIVITY

Security	Stated Value	Fair Value 12/31/04	Purchase (Sale)	Fair Value 12/31/05
Fed. Homeloan, int. 2%, due 07/21/08	\$ 250,000	\$ 248,595	\$ -	\$ 245,703
Fed. Nat. Mtg., int. 2.8%, due 11/13/06	850,000	843,362	-	836,187
Fed. Nat. Mtg., int. 5.5%, due 06/25/30	450,000	158,317	-	95,511
Fed. Homeloan, int. 5%, due 04/15/18	1,500,000	697,640	-	430,014
Govt. Nat. Mtg., int. 4.5%, due 04/16/27	200,000	200,988	-	198,296
Fed. Homeloan, int. 2.25%, due 07/28/06	1,000,000	986,250		986,880
Fed. Homeloan, int. 3.375% due 12/28/07	500,000	-	500,000	495,625

The County's deposits and investment policy are in accordance with statutory authority.

### NOTE 4 - CAPITAL ASSETS

Capital asset activity for the primary government for the current year was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 78,562	\$ -	\$ -	\$ 78,562
Capital assets being depreciated:				
Buildings and improvements	8,509,545	-	-	8,509,545
Equipment and furniture	1,418,310	284,882	-	1,703,192
Vehicles	662,797	159,560	(37,642)	784,715
Subtotal	10,590,652	444,442	(37,642)	10,997,452
Less accumulated depreciation for:				
Buildings and improvements	1,581,615	136,727	-	1,718,342
Equipment and furniture	840,049	129,102	-	969,151
Vehicles	378,764	71,994	(32,333)	418,425
Subtotal	2,800,428	337,823	(32,333)	3,105,918
Net Capital Assets Being Depreciated	7,790,224	106,619	(5,309)	7,891,534
Governmental Activity Capital Total				
Capital Assets - Net of Depreciation	\$ 7,868,786	\$ 106,619	\$ (5,309)	\$ 7,970,096
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 97,806	\$ -	\$ -	\$ 97,806
Construction in Progress	-	3,715,525	-	3,715,525
Subtotal	97,806	3,715,525	-	3,813,331
Capital assets being depreciated:				
Site improvements	3,506,011	-	-	3,506,011
Buildings and improvements	591,985	-	-	591,985
Vehicles	428,150	-	-	428,150
Machinery and equipment	1,285,457	-	-	1,285,457
Furniture and Fixtures	74,040	-	-	74,040
Water distribution system	2,265,010	-	-	2,265,010
Subtotal	8,150,653	-	-	8,150,653
Less accumulated depreciation for:				
Site improvements	1,068,724	96,474	-	1,165,198
Buildings and improvements	46,207	21,807	-	68,014
Vehicles	320,138	53,760	-	373,898
Machinery and equipment	678,688	197,438	-	876,126
Furniture and fixtures	52,925	7,104	-	60,029
Water distribution system	550,816	45,294	-	596,110
Subtotal	2,717,498	421,877	-	3,139,375

**NOTE 4 - CAPITAL ASSETS (Continued)**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Net Capital Assets Being Depreciated	<u>5,433,155</u>	<u>(421,877)</u>	<u>-</u>	<u>5,011,278</u>
Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 5,530,961</u>	<u>\$ 3,293,648</u>	<u>\$ -</u>	<u>\$ 8,824,609</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 161,118
Public Safety	119,476
Recreation and Culture	<u>57,229</u>
Total Governmental Activities	<u>\$ 337,823</u>

A summary of changes in the Transit Authority's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	<u>\$ 46,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,225</u>
Capital assets being depreciated:				
Buildings	982,355	-	-	982,355
Buses	1,390,913	96,050	57,432	1,429,531
Other vehicles	45,439	-	-	45,439
Bus and garage equipment	149,810	262	-	150,072
Office equipment	<u>64,620</u>	<u>4,144</u>	<u>-</u>	<u>68,764</u>
Total capital assets being depreciated	<u>2,633,137</u>	<u>100,456</u>	<u>57,432</u>	<u>2,676,161</u>
Less accumulated depreciation for:				
Buildings	452,350	49,219	-	501,569
Buses	876,913	160,103	57,432	979,584
Other vehicles	30,801	5,165	-	35,966
Bus and garage equipment	107,333	11,357	-	118,690
Office equipment	<u>45,878</u>	<u>5,931</u>	<u>-</u>	<u>51,809</u>
Total accumulated depreciation	<u>1,513,275</u>	<u>231,775</u>	<u>57,432</u>	<u>1,687,618</u>
Total capital assets being depreciated	<u>1,119,862</u>	<u>(131,319)</u>	<u>-</u>	<u>988,543</u>
Business-type activities capital assets, net	<u>\$ 1,166,087</u>	<u>\$ (131,319)</u>	<u>\$ -</u>	<u>\$ 1,034,768</u>

**NOTE 4 - CAPITAL ASSETS (Continued)**

A summary of changes in the Airport Authority's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 97,700	\$ 27,300	\$ -	\$ 125,000
Capital assets being depreciated:				
Buildings	1,342,236	100,000	-	1,442,236
Land improvement	2,676,638	8,360	-	2,684,998
Office equipment and furniture	8,752	-	-	8,752
Machinery and equipment	<u>257,466</u>	<u>-</u>	<u>4,230</u>	<u>253,236</u>
Total capital assets being depreciated	<u>4,285,092</u>	<u>108,360</u>	<u>4,230</u>	<u>4,389,222</u>
Less accumulated depreciation for:				
Buildings	588,357	44,076	1,418	631,015
Land improvement	1,500,130	132,745	-	1,632,875
Office equipment and furniture	7,249	472	30	7,691
Machinery and equipment	<u>213,973</u>	<u>8,405</u>	<u>-</u>	<u>222,378</u>
Total accumulated depreciation	<u>2,309,709</u>	<u>185,698</u>	<u>1,448</u>	<u>2,493,959</u>
Total capital assets being depreciated	<u>1,975,383</u>	<u>(77,338)</u>	<u>2,782</u>	<u>1,895,263</u>
Governmental activities capital assets, net	<u>\$ 2,073,083</u>	<u>\$ (50,038)</u>	<u>\$ 2,782</u>	<u>\$ 2,020,263</u>

A summary of changes in the Library's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Books	\$ 2,108,792	\$ 114,656	\$ 22,973	\$ 2,200,475
Furniture and fixtures	202,793	3,847	-	206,640
Equipment	182,532	13,058	-	195,590
Leasehold improvements	<u>1,586</u>	<u>-</u>	<u>-</u>	<u>1,586</u>
Subtotal	2,495,703	131,561	22,973	2,604,291
Accumulated depreciation	<u>(1,892,934)</u>	<u>(191,308)</u>	<u>(18,192)</u>	<u>(2,066,050)</u>
Net capital assets being depreciated	<u>\$ 602,769</u>	<u>\$ (59,747)</u>	<u>\$ 4,781</u>	<u>\$ 538,241</u>

Depreciation for the fiscal year ended December 31, 2005 amounted to \$191,308.

### NOTE 4 - CAPITAL ASSETS (Continued)

A summary of changes in the Road Commission's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements-infrastructure	\$ 6,300,794	\$ 1,065,410	\$ -	\$ 7,366,204
Land and improvements-other	<u>35,170</u>	<u>-</u>	<u>375</u>	<u>34,795</u>
Subtotal	<u>6,335,964</u>	<u>1,065,410</u>	<u>375</u>	<u>7,400,999</u>
Capital assets being depreciated:				
Land and improvements	177,637	-	-	177,637
Depletable assets	70,392	-	-	70,392
Buildings	2,444,091	-	-	2,444,091
Road equipment	5,901,707	623,899	34,917	6,490,689
Shop equipment	366,314	3,299	45,050	324,563
Office equipment	99,702	6,838	30,409	76,131
Engineers equipment	39,930	-	-	39,930
Infrastructure-bridges	3,885,549	86,697	-	3,972,246
Infrastructure-roads	<u>19,483,657</u>	<u>1,838,250</u>	<u>-</u>	<u>21,321,907</u>
Subtotal	<u>32,468,979</u>	<u>2,558,983</u>	<u>110,376</u>	<u>34,917,586</u>
<b>Governmental activities:</b>				
Less accumulated depreciation for:				
Land and improvements	99,528	5,965	-	105,493
Depletable assets	60,518	-	-	60,518
Buildings	1,078,854	70,377	-	1,149,231
Road equipment	4,542,505	527,706	34,917	5,035,294
Shop equipment	296,363	21,656	45,050	272,969
Office equipment	81,728	7,015	30,409	58,334
Engineers equipment	32,504	2,171	-	34,675
Infrastructure-bridges	1,027,222	100,784	-	1,128,006
Infrastructure-roads	<u>7,826,794</u>	<u>1,296,030</u>	<u>-</u>	<u>9,122,824</u>
Subtotal	<u>15,046,016</u>	<u>2,031,704</u>	<u>110,376</u>	<u>16,967,344</u>
Net capital assets being depreciated	<u>17,422,963</u>	<u>527,279</u>	<u>-</u>	<u>17,950,242</u>
Total net capital assets	<u>\$ 23,758,927</u>	<u>\$ 1,592,689</u>	<u>\$ 375</u>	<u>\$ 25,351,241</u>

## NOTE 4 - CAPITAL ASSETS (Continued)

Non-infrastructure depreciation expense for the year was charged to programs of the Wexford County Road Commission as follows:

Primary Road:	
Heavy Maintenance	\$ 429
Maintenance	77,616
Local Road:	
Heavy Maintenance	48,842
Maintenance	289,278
Winter Maintenance	21,952
State Trunkline:	
Maintenance	184,028
Administrative	<u>12,745</u>
Total Non-Infrastructure Depreciation Expense	<u>\$ 634,890</u>

## NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County of Wexford reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds, proprietary funds, and fiduciary funds.

### Interfund Transfers

	TRANSFERS (OUT)					
	General Fund	Revenue Sharing Reserve	Unrestricted Treasurer's Fund	Landfill	All Others	Total
General Fund	\$ -	\$ 556,863	\$ -	\$ 630,536	\$ 369,997	\$ 1,557,396
Unrestricted Treasurer's Fund	-	-	-	-	384,018	384,018
2004 Delinquent Tax Fund	-	-	2,700,000	-	-	2,700,000
All Others	<u>614,822</u>	<u>-</u>	<u>55,686</u>	<u>-</u>	<u>667,834</u>	<u>1,338,342</u>
Total	<u>\$ 614,822</u>	<u>\$ 556,863</u>	<u>\$ 2,755,686</u>	<u>\$ 630,536</u>	<u>\$ 1,421,849</u>	<u>\$ 5,979,756</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### NOTE 6 - LEASES

Capital Leases – The County leases vehicles and equipment under capital leases with yearly lease payments ranging from \$2,374 to \$16,800, including interest rates ranging from 4.00% to 6.95%. The leases qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present values are as follows:

2006	\$ 224,335
2007	184,180
2008	303,289
2009	46,071
2010 – 2012	<u>126,695</u>
Total minimum lease payments	884,570
Less amount representing interest	<u>72,871</u>
Present value of minimum lease payment	<u>\$ 811,699</u>

### NOTE 7 - LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government.

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Increases/ Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
Series 2002						
Building Authority Bonds	4.75% - 7.75%	2032	\$ 4,640,000	\$ (80,000)	\$ 4,560,000	\$ 85,000
Series 1995A, Sanitary Sewer, Special Assessment Bond, (Village of Mesick Project)	4.50%	2025	278,000	(8,000)	270,000	9,000
Series 1995B, Sanitary Sewer, Special Assessment Bond, (Village of Mesick Project)	4.50%	2025	155,000	(5,000)	150,000	5,000
Series 1996, Water Supply System, Special Assessment Bond (Haring Charter Township)	5.3% - 7.4%	2016	<u>195,000</u>	<u>(10,000)</u>	<u>185,000</u>	<u>10,000</u>
Total Governmental Activities			<u>\$ 5,268,000</u>	<u>\$ (103,000)</u>	<u>\$ 5,165,000</u>	<u>\$ 109,000</u>
<b>Business-Type Activities</b>						
Series 1996						
Water Supply System Bond (Haring Charter Township)	5.6%-7.4%	2026	<u>695,000</u>	<u>(15,000)</u>	<u>680,000</u>	<u>15,000</u>
Total Business-Type Activities			<u>\$ 695,000</u>	<u>\$ (15,000)</u>	<u>\$ 680,000</u>	<u>\$ 15,000</u>

### NOTE 7 - LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for the above obligations are as follows:

Year End December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	109,000	270,231	15,000	41,520
2007	119,000	262,280	20,000	40,410
2008	119,000	253,865	20,000	39,185
2009	125,000	245,204	20,000	38,065
2010	131,000	236,096	20,000	36,925
2011-2015	762,000	1,028,635	130,000	164,237
2016-2020	863,000	796,422	170,000	121,343
2021-2025	1,092,000	572,312	230,000	61,744
2026-2030	1,245,000	296,282	55,000	3,438
2031-2032	600,000	28,975	-	-
Total	<u>\$ 5,165,000</u>	<u>\$ 3,990,302</u>	<u>\$ 680,000</u>	<u>\$ 546,867</u>

A summary of vested benefits payable at December 31, 2005 is as follows:

Vacation	\$ 227,102
Sick Leave	<u>64,280</u>
TOTALS	<u>\$ 291,382</u>

Defeased Debt – During 2003, the County defeased \$1,780,000 of outstanding 1998 Building Authority bonds with an average interest rate of 4.83 percent. In order to defease the bonds, \$1,949,955 was transferred from the Unrestricted Delinquent Tax Fund to the Civic Center Debt Service Fund. This amount was then used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Building Authority bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the statement of net assets.

Component Units – Long-term debt of the component units consists of two installment purchase contracts for \$16,751 and \$21,140, capital lease for \$42,137, and a note payable for \$500,000, maturing through July 2010, and bearing interest at rates ranging from 0 percent to 10.43 percent. Of these amounts, \$155,849 is due within one year.



## NOTE 8 - RISK MANAGEMENT

Risk Management – The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The County joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The government pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

The government continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The government is unable to provide an estimate of the amounts of additional assessments.

## NOTE 9 - CONTINGENT LIABILITIES

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2005.

## NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

### Description of Plan and Plan Assets

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.0 percent times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2004.

## NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

### Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The County is required to contribute at an actuarially determined rate.

### Annual Pension Cost

During the year ended December 31, 2005, the County's contributions totaling \$529,189 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2004. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

Three year trend information as of December 31, follows:

	2002	2003	2004
Actuarial Value of Assets	\$ 9,847,947	\$ 10,828,129	\$ 11,710,754
Actuarial Accrued Liability	11,908,130	14,647,321	16,235,050
Unfunded AAL	2,060,183	3,819,192	4,524,296
Funded Ratio	83%	74%	72%
Covered Payroll	4,980,417	4,955,665	5,217,560
UAAL as a Percentage of Covered Payroll	41%	77%	87%

**NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	\$ 279,996	100%	0
2004	434,961	100%	0
2005	529,189	100%	0

**ROAD COMMISSION**

Description of Plan and Plan Assets

The Road Commission has an agent, multi-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty – connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.25 percent times the final compensation (FAC), with a maximum benefit of 80% FAC. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2004.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 220 of Public Acts of 1996, as amended, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road commission's competitive bargaining unit and personnel policy, which requires non-administrative employees to contribute to the plan at a rate of 2% and administrative employees to contribute at a rate of 2%. The Road Commission is required to contribute at an actuarially determined rate; the current rate was 16.67% and 26.04% for non-administrative and administrative employees, respectfully.

**NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Annual Pension Cost

During the fiscal year ended December 31, 2005, the Road Commission's contributions totaling \$313,542 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2004. The employer contribution rate has been determined based on the entry age normal cost method. Under the entry age normal cost method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Three year trend information as of December 31 follows:

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Actuarial Value of Assets	\$ 5,834,146	\$ 5,938,257	\$ 6,092,059
Actuarial Accrued Liability	8,211,393	8,434,677	9,026,952
Unfunded AAL	2,377,247	2,496,420	2,934,893
Funded Ratio	71%	70%	67%
Covered Payroll	1,560,518	1,518,589	1,579,967
UAAL as a Percentage of Covered Payroll	152%	164%	186%

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	\$ 253,914	100%	0
2004	292,133	100%	0
2005	313,542	100%	0

**CADILLAC – WEXFORD TRANSIT AUTHORITY**

For the year ended September 30, 2000, the Cadillac-Wexford Transit Authority began contributing to the Municipal Employees Retirement System of Michigan (MERS).

**NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Plan Description

Substantially all full-time employees of the Authority are members of the Municipal Employees Retirement System of Michigan (MERS) which provides retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer pension plan administered by the State of Michigan. Act No. 427 of Public Acts of 1984, as amended, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities. In this case, the authority rests with the Cadillac-Wexford Transit Authority. The MERS issues a publicly available financial report that includes statements and required supplementary information for MERS. That report may be obtained by writing to the Retirement Board, Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

MERS members are not required to make any contributions to the plan. The Authority is required to contribute at an actuarially determined rate; the current rate is 11.44% to 21.73% of annual covered payroll depending on division of employees.

Annual Pension Cost

For the years ended September 30, 2005 and 2004, the annual pension cost was \$57,172 and \$48,750.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	\$ 54,352	100%	0
2004	48,750	100%	0
2005	57,172	100%	0

**CADILLAC – WEXFORD PUBLIC LIBRARY**

The Cadillac – Wexford Public Library participates in the agent multiple-employer Michigan Municipal Employees Retirement System (the “System”) through the City of Cadillac. Separate information on pension funding for the Library’s employees is not available. Complete pension disclosure for the Plan may be obtained from the City of Cadillac’s comprehensive annual financial report.

### NOTE 11 - POST EMPLOYMENT BENEFITS

The County provides health care, prescription, and dental benefits to all full-time employees upon retirement. Currently, 30 retirees are eligible. The County includes pre-Medicare retirees and their dependents in its insured health care plan. The County charges the retirees a monthly fee to participate. During the year ended December 31, 2005 the County paid out approximately \$83,774 more in claims than received from retirees.

### NOTE 12 - RESTRICTED NET ASSETS

The net assets of the governmental activities have been restricted for the following purposes:

	<u>Governmental Activities</u>
Public safety	\$ 373
Grants and contributions	363,287
Animal control	308,434
Court building activities	24,464
911 wireless activities	312,690
Building inspection	18,849
Register of deeds technology	84,435
Debt service	519,706
Revenue Sharing	<u>2,771,848</u>
Total restricted net assets	<u>\$ 4,404,086</u>

### NOTE 13 - RESTRICTED ASSETS

The County's restricted assets are comprised of the following:

Cash restricted for landfill bonding	\$ 280,000
Investments restricted for perpetual care	<u>1,193,445</u>
Total restricted assets	<u>\$ 1,473,445</u>

The investments restricted for landfill bonding consist of an irrevocable letter of credit to the Michigan Department of Natural Resources in the amount of \$280,000 for the bonding of the Wexford County Sanitary Landfill. Certificates of deposit totaling \$280,000 were pledged and assigned to Citizens Bank as security for any draws on the letter of credit. The annual fee for the letter of credit is 1 percent.

The investments restricted for perpetual care consist of funds set aside for closure, monitoring, and maintenance of the landfill and for response activity necessitated by potential contamination discharge from the landfill. Restricted assets are intended to pay for closure and postclosure costs. The liability associated with these costs is larger than the amount of restricted assets; therefore, net assets have not been restricted.

**NOTE 13 - RESTRICTED ASSETS (Continued)**

The operator of the landfill is required to designate a custodian of the fund and deposit amounts into the fund based on the volume and the type of material deposited in the landfill. The custodian is not to disburse any amount of the fund to the operator of the landfill without the approval of the director of the Department of Natural Resources. Thirty years after the closure of the landfill, 50 percent of any money in the Perpetual Care Fund may be returned to the operator.

To comply with this act, the landfill contracted with the director of the Department of Natural Resources to establish a Perpetual Care Fund with Bank One Trust and JP Morgan Company as the designated custodian. The landfill has begun to make the required deposits into a separate savings account and will continue to do so until the contract with the Department of Natural Resources is completed.

**Landfill – Closure and Postclosure Care Costs**

State and deferral laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,158,387 reported as landfill closure and postclosure care liability at December 31, 2005 represents the cumulative amount reported to date based on the use of approximately 72 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of approximately \$3,185,113 as the remaining estimated capacity is filled. The estimated remaining life of the landfill based on current consumption of the cells in use is 6 years.

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County expects that future costs, including inflation and changes in technology or applicable laws and regulation, will be paid from cash and investments maintained in the Sanitary Landfill Enterprise, as well as charges to future landfill users.

**NOTE 14 - DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes for subsequent year	\$ -	\$ 7,669,313
Community development program income	1,003,688	-
Special assessments	<u>497,259</u>	<u>-</u>
Total	<u>\$ 1,500,947</u>	<u>\$ 7,669,313</u>

**NOTE 15 - SUBSEQUENT EVENTS**

The County awarded bids to M&M Excavating to complete earthwork for cell G in the amount of \$1,587,543. Also, the County approved a contract with Clean Air and Water Systems for material installation portion of cell G in the amount of \$544,839.

**NOTE 16 - PRIOR PERIOD ADJUSTMENTS**

Net assets in the Landfill fund were restated due to a prior period adjustment of \$135,330 for capitalization of capital assets and an \$18,680 adjustment for 2003 accounts payable.



## **Required Supplemental Information**

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# County of Wexford, Michigan

## Required Supplemental Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 5,587,085	\$ 5,587,085	\$ 5,658,780	\$ (71,695)
Licenses & Permits	6,460	6,460	5,519	941
Intergovernmental Revenue:				
Federal	842,687	872,619	863,652	8,967
State	1,372,713	833,146	850,191	(17,045)
Local Units	9,000	9,000	8,004	996
Charges for Services	1,095,850	1,103,400	1,200,615	(97,215)
Fines & Forfeitures	52,200	37,250	42,193	(4,943)
Interest & Rents	60,680	60,860	120,408	(59,548)
Other Revenue	540,500	565,500	534,890	30,610
<b>TOTAL REVENUES</b>	<b>9,567,175</b>	<b>9,075,320</b>	<b>9,284,252</b>	<b>(208,932)</b>
<b>EXPENDITURES:</b>				
Legislative:				
Board of Commissioners	52,281	52,270	51,321	(949)
Judicial:				
Circuit Court	259,673	259,684	258,302	1,382
District Court	572,267	568,666	562,368	6,298
Friend of the Court	626,106	630,519	575,408	55,111
Jury Commission	1,650	3,670	3,658	12
Probate Court	554,161	554,161	527,689	26,472
Probation and Parole	10,594	10,594	9,035	1,559
Circuit Court Family Counsel	101,322	94,625	60,564	34,061
Public Defender	213,343	228,946	228,865	81
<b>Total Judicial</b>	<b>2,339,116</b>	<b>2,350,865</b>	<b>2,225,889</b>	<b>124,976</b>
General Government:				
Administrative	158,387	159,887	154,572	5,315
Elections	11,650	11,130	7,361	3,769
General Accounting Office	151,161	151,161	149,456	1,705
County Clerk	201,452	202,643	198,946	3,697
Equalization	277,452	284,746	273,727	11,019
Prosecuting Attorney	381,066	381,066	375,628	5,438
Register of Deeds	188,886	188,886	182,890	5,996
State Survey - Remonumentation	98,317	98,317	97,317	1,000
County Treasurer	224,826	224,826	213,691	11,135
Cooperative Extension	90,383	90,383	86,755	3,628
County Building & Grounds	473,682	493,604	486,525	7,079
Drain Commission	14,794	18,072	18,072	-
General Services Administration	484,467	484,967	461,101	23,866
<b>Total General Government</b>	<b>2,756,523</b>	<b>2,789,688</b>	<b>2,706,041</b>	<b>83,647</b>

# County of Wexford, Michigan

## Required Supplemental Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Public Safety:				
Sheriff	1,561,462	1,554,461	1,528,723	25,738
School Liaison	63,770	63,770	63,273	497
Secondary Road	101,825	101,825	98,528	3,297
Communications/Dispatch	575,911	606,042	604,797	1,245
Marine	22,529	19,616	19,187	429
Federal Forest	3,500	3,500	2,670	830
Snowmobile	22,833	22,833	21,079	1,754
ORV Grant	15,605	16,406	12,821	3,585
Jail	1,398,894	1,645,317	1,637,634	7,683
Emergency Management	239,312	256,122	240,718	15,404
Total Public Safety	4,005,641	4,289,892	4,229,430	60,462
Health & Welfare:				
Contagious Diseases	1,000	1,000	531	469
Medical Examiner	60,000	69,000	67,320	1,680
Veterans Burial and Foundations	20,000	20,000	15,300	4,700
Total Health & Welfare	81,000	90,000	83,151	6,849
Community & Economic Development				
Planning & Zoning	42,525	42,727	41,676	1,051
Other Expenditures:				
Appropriations	547,925	549,752	549,759	(7)
Capital Outlay:				
Equipment	5,000	10,555	10,555	-
TOTAL EXPENDITURES	9,830,011	10,175,749	9,897,822	276,029
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(262,836)	(1,100,429)	(613,570)	(484,961)
Other Financing Sources (Uses):				
Operating Transfers In	962,157	1,519,020	1,557,396	38,376
Operating Transfers Out	(691,500)	(732,913)	(614,822)	118,091
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 7,821	\$ (314,322)	329,004	\$ (328,494)
FUND BALANCE, JANUARY 1			1,481,032	
FUND BALANCE, DECEMBER 31			\$ 1,810,036	

# County of Wexford, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Revenue Sharing Reserve Fund For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ 1,508,381	\$ 1,809,033	\$ 300,652
Interest & Rentals	-	-	11,296	11,296
 TOTAL REVENUES	 -	 1,508,381	 1,820,329	 311,948
 <b>OTHER FINANCING SOURCES (USES);</b>				
Operating Transfers Out	-	(556,863)	(556,863)	-
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	 \$ -	 \$ 951,518	 1,263,466	 \$ 311,948
 FUND BALANCE, JANUARY 1			 1,508,382	
 FUND BALANCE, DECEMBER 31			 \$ 2,771,848	

## **Other Supplemental Information**

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# County of Wexford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2005

	Special Revenue Funds							
	Public Safety	Civic Center	Friend of the Court	Animal Control	Court Security	Public Improvement	Building Inspection	Homestead Audit
<b>ASSETS:</b>								
Cash & Equivalents - Unrestricted	\$ 11,373	\$ 40,374	\$ 2,258	\$ 380,973	\$ 27,822	\$ 96,683	\$ 25,324	\$ 8,160
Investments - Unrestricted	-	-	-	-	-	-	-	-
Accounts Receivable	-	2,318	-	-	-	-	-	-
Taxes Receivable	790,081	-	-	290,961	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
Prepaid Expenditure	-	-	-	-	-	-	154	-
Inventories	-	3,398	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 801,454</b>	<b>\$ 46,090</b>	<b>\$ 2,258</b>	<b>\$ 671,934</b>	<b>\$ 27,822</b>	<b>\$ 96,683</b>	<b>\$ 25,478</b>	<b>\$ 8,160</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 11,000	\$ 5,776	\$ -	\$ 69,928	\$ 2,538	\$ 499	\$ 2,725	\$ 90
Due to Governmental Units	-	-	-	-	-	-	-	-
Accrued Liabilities	-	2,046	-	2,611	820	-	3,904	-
Deferred Revenue	790,081	-	-	290,961	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>801,081</b>	<b>7,822</b>	<b>-</b>	<b>363,500</b>	<b>3,358</b>	<b>499</b>	<b>6,629</b>	<b>90</b>
<b>FUND BALANCES:</b>								
Unreserved	373	38,268	2,258	308,434	24,464	96,184	18,849	8,070
<b>TOTAL FUND BALANCES</b>	<b>373</b>	<b>38,268</b>	<b>2,258</b>	<b>308,434</b>	<b>24,464</b>	<b>96,184</b>	<b>18,849</b>	<b>8,070</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 801,454</b>	<b>\$ 46,090</b>	<b>\$ 2,258</b>	<b>\$ 671,934</b>	<b>\$ 27,822</b>	<b>\$ 96,683</b>	<b>\$ 25,478</b>	<b>\$ 8,160</b>

# County of Wexford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2005

	Special Revenue Funds							
	Register of Deeds Automation	Community Alternative Program	911 Wireless	Family Counseling Service	Law Library	Community Development Grant Program	Community That Cares Grant	Michigan Justice Training
<b>ASSETS:</b>								
Cash & Equivalents - Unrestricted	\$ 84,510	\$ 112,492	\$ 143,999	\$ 1,391	\$ 2,216	\$ 15,598	\$ -	\$ 5,250
Investments - Unrestricted	-	-	150,988	-	-	-	-	-
Accounts Receivable	-	15,153	675	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	1,003,688	-	-
Due from Governmental Units	-	117,052	25,000	-	-	-	-	-
Prepaid Expenditure	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 84,510</u>	<u>\$ 244,697</u>	<u>\$ 320,662</u>	<u>\$ 1,391</u>	<u>\$ 2,216</u>	<u>\$ 1,019,286</u>	<u>\$ -</u>	<u>\$ 5,250</u>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 75	\$ 22,350	\$ 7,974	\$ -	\$ 109	\$ -	\$ -	\$ -
Due to Governmental Units	-	-	-	-	-	-	-	-
Accrued Liabilities	-	2,363	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	1,003,688	-	-
<b>TOTAL LIABILITIES</b>	<u>75</u>	<u>24,713</u>	<u>7,974</u>	<u>-</u>	<u>109</u>	<u>1,003,688</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>								
Unreserved	<u>84,435</u>	<u>219,984</u>	<u>312,688</u>	<u>1,391</u>	<u>2,107</u>	<u>15,598</u>	<u>-</u>	<u>5,250</u>
<b>TOTAL FUND BALANCES</b>	<u>84,435</u>	<u>219,984</u>	<u>312,688</u>	<u>1,391</u>	<u>2,107</u>	<u>15,598</u>	<u>-</u>	<u>5,250</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 84,510</u>	<u>\$ 244,697</u>	<u>\$ 320,662</u>	<u>\$ 1,391</u>	<u>\$ 2,216</u>	<u>\$ 1,019,286</u>	<u>\$ -</u>	<u>\$ 5,250</u>

# County of Wexford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2005

	Special Revenue Funds						Debt Service Funds	
	Social Welfare	Juvenile Justice	Child Care	Soldiers & Sailors Relief	Veterans Trust	Council on Aging	Courthouse Expansion	Mesick Project
<b>ASSETS:</b>								
Cash & Equivalents - Unrestricted	\$ 112,130	\$ 4,636	\$ 98,759	\$ 8,323	\$ 3,783	\$ 105,319	\$ 20,844	\$ 241,706
Investments - Unrestricted	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	845,339	-	-
Special Assessments Receivable	-	-	-	-	-	-	-	224,904
Loans Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	3,199	-	-	-	-	-	-
Prepaid Expenditure	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 112,130</u>	<u>\$ 7,835</u>	<u>\$ 98,759</u>	<u>\$ 8,323</u>	<u>\$ 3,783</u>	<u>\$ 950,658</u>	<u>\$ 20,844</u>	<u>\$ 466,610</u>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ -	\$ 4,424	\$ -	\$ -	\$ 7,777	\$ -	\$ -
Due to Governmental Units	18,000	-	9,397	-	-	-	-	-
Accrued Liabilities	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	845,339	-	224,904
<b>TOTAL LIABILITIES</b>	<u>18,000</u>	<u>-</u>	<u>13,821</u>	<u>-</u>	<u>-</u>	<u>853,116</u>	<u>-</u>	<u>224,904</u>
<b>FUND BALANCES:</b>								
Unreserved	<u>94,130</u>	<u>7,835</u>	<u>84,938</u>	<u>8,323</u>	<u>3,783</u>	<u>97,542</u>	<u>20,844</u>	<u>241,706</u>
<b>TOTAL FUND BALANCES</b>	<u>94,130</u>	<u>7,835</u>	<u>84,938</u>	<u>8,323</u>	<u>3,783</u>	<u>97,542</u>	<u>20,844</u>	<u>241,706</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 112,130</u>	<u>\$ 7,835</u>	<u>\$ 98,759</u>	<u>\$ 8,323</u>	<u>\$ 3,783</u>	<u>\$ 950,658</u>	<u>\$ 20,844</u>	<u>\$ 466,610</u>



# County of Wexford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2005

	Debt Service Funds		Capital Project Funds	Permanent Fund	
	Haring Twp Water System	DPW #3 Haring Twp	Courthouse Expansion Project	Public Health	Totals
<b>ASSETS:</b>					
Cash & Equivalents - Unrestricted	\$ 19,310	\$ 237,846	\$ 31,804	\$ -	\$ 1,842,883
Investments - Unrestricted	-	-	-	-	150,988
Accounts Receivable	-	-	-	-	18,146
Taxes Receivable	-	-	-	-	1,926,381
Special Assessments Receivable	144,916	127,439	-	-	497,259
Loans Receivable	-	-	-	-	1,003,688
Due from Governmental Units	-	-	-	-	145,251
Prepaid Expenditure	-	-	-	-	154
Inventories	-	-	-	-	3,398
<b>TOTAL ASSETS</b>	<u>\$ 164,226</u>	<u>\$ 365,285</u>	<u>\$ 31,804</u>	<u>\$ -</u>	<u>\$ 5,588,148</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$ -	\$ -	\$ 31,804	\$ -	\$ 167,069
Due to Governmental Units	-	-	-	-	27,397
Accrued Liabilities	-	-	-	-	11,744
Deferred Revenue	144,916	127,439	-	-	3,427,328
<b>TOTAL LIABILITIES</b>	<u>144,916</u>	<u>127,439</u>	<u>31,804</u>	<u>-</u>	<u>3,633,538</u>
<b>FUND BALANCES:</b>					
Unreserved	19,310	237,846	-	-	1,954,610
<b>TOTAL FUND BALANCES</b>	<u>19,310</u>	<u>237,846</u>	<u>-</u>	<u>-</u>	<u>1,954,610</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 164,226</u>	<u>\$ 365,285</u>	<u>\$ 31,804</u>	<u>\$ -</u>	<u>\$ 5,588,148</u>

# County of Wexford, Michigan

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2005

	Special Revenue Funds							
	Public Safety	Civic Center	Friend of the Court	Animal Control	Court Security	Public Improvement	Building Inspection	Homestead Audit
REVENUES:								
Taxes	\$ 727,663	\$ -	\$ -	\$ 267,979	\$ -	\$ -	\$ -	\$ 7,711
Special Assessments	-	-	-	-	-	-	-	-
Licenses & Permits	-	-	-	4,400	-	-	-	-
Intergovernmental Revenue:								
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	-	7,120	-	-	-	-	-
Charges for Services	-	306,888	12,990	12,342	71,590	7,418	273,944	-
Fines & Forfeitures	-	-	-	-	-	-	-	-
Interest & Rentals	3,492	-	216	14,892	675	-	635	-
Other Revenue	-	-	-	700	98	49,515	1,176	-
TOTAL REVENUES	731,155	306,888	20,326	300,313	72,363	56,933	275,755	7,711
EXPENDITURES:								
General Government	-	-	-	-	-	-	-	4,235
Public Safety	-	-	-	218,913	80,402	-	310,186	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	-	355,278	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	104,720	-	71,968	12,499	-
Debt Service	51,154	29,362	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	51,154	384,640	-	323,633	80,402	71,968	322,685	4,235
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	680,001	(77,752)	20,326	(23,320)	(8,039)	(15,035)	(46,930)	3,476
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	63,000	-	-	-	70,322	-	-
Operating Transfers Out	(733,000)	-	(20,000)	(77,606)	-	(11,681)	(6,916)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(52,999)	(14,752)	326	(100,926)	(8,039)	43,606	(53,846)	3,476
FUND BALANCES, JANUARY 1	53,372	53,020	1,932	409,360	32,503	52,578	72,695	4,594
FUND BALANCES, DECEMBER 31	\$ 373	\$ 38,268	\$ 2,258	\$ 308,434	\$ 24,464	\$ 96,184	\$ 18,849	\$ 8,070

# County of Wexford, Michigan

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2005

	Special Revenue Funds							Michigan Justice Training
	Register of Deeds Automation	Community Alternative Program	911 Wireless	Family Counseling Service	Law Library	Community Development Grant Program	Community That Cares Grant	
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-	-
Licenses & Permits	-	-	-	4,035	-	-	-	-
Intergovernmental Revenue:								
Federal Sources	-	284,916	-	-	-	183,889	1,391	-
State Sources	-	81,215	108,301	-	-	-	-	5,394
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	54,625	4,675	-	-	-	-	-	-
Fines & Forfeitures	-	23,814	-	-	-	-	-	-
Interest & Rentals	1,688	2,979	7,997	72	-	295	-	-
Other Revenue	-	147,898	-	-	3,500	18,615	-	-
<b>TOTAL REVENUES</b>	<b>56,313</b>	<b>545,497</b>	<b>116,298</b>	<b>4,107</b>	<b>3,500</b>	<b>202,799</b>	<b>1,391</b>	<b>5,394</b>
<b>EXPENDITURES:</b>								
General Government	55,556	-	-	-	20,432	-	-	-
Public Safety	-	497,727	-	-	-	-	-	8,338
Health and Welfare	-	-	-	-	-	-	8,751	-
Recreation and Culture	-	-	13,055	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	196,111	-	-
Capital Outlay	-	3,000	237,816	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>55,556</b>	<b>500,727</b>	<b>250,871</b>	<b>-</b>	<b>20,432</b>	<b>196,111</b>	<b>8,751</b>	<b>8,338</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>757</b>	<b>44,770</b>	<b>(134,573)</b>	<b>4,107</b>	<b>(16,932)</b>	<b>6,688</b>	<b>(7,360)</b>	<b>(2,944)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	-	-	-	17,500	-	-	-
Operating Transfers Out	-	(4,478)	(20,000)	(5,000)	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>757</b>	<b>40,292</b>	<b>(154,573)</b>	<b>(893)</b>	<b>568</b>	<b>6,688</b>	<b>(7,360)</b>	<b>(2,944)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>83,678</b>	<b>179,692</b>	<b>467,261</b>	<b>2,284</b>	<b>1,539</b>	<b>8,910</b>	<b>7,360</b>	<b>8,194</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 84,435</b>	<b>\$ 219,984</b>	<b>\$ 312,688</b>	<b>\$ 1,391</b>	<b>\$ 2,107</b>	<b>\$ 15,598</b>	<b>\$ -</b>	<b>\$ 5,250</b>

# County of Wexford, Michigan

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2005

	Special Revenue Funds						Debt Service Funds	
	Social Welfare	Juvenile Justice	Child Care	Soldiers & Sailors Relief	Veterans Trust	Council on Aging	Courthouse Expansion	Mesick Project
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,606	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-	30,672
Licenses & Permits	-	-	-	-	-	-	-	-
Intergovernmental Revenue:								
Federal Sources	-	-	-	-	-	-	-	-
State Sources	267,650	13,607	195,884	-	3,273	-	-	-
Local Sources	-	-	32,234	-	-	-	-	-
Charges for Services	-	-	984	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-	-	-	-
Interest & Rentals	1,528	-	2,128	-	-	4,928	-	4,844
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>269,178</b>	<b>13,607</b>	<b>231,230</b>	<b>-</b>	<b>3,273</b>	<b>882,534</b>	<b>-</b>	<b>35,516</b>
<b>EXPENDITURES:</b>								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health and Welfare	272,683	10,693	638,272	8,596	256	882,297	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	327,313	32,193
Other Expenditures	-	-	-	-	-	-	275	-
<b>TOTAL EXPENDITURES</b>	<b>272,683</b>	<b>10,693</b>	<b>638,272</b>	<b>8,596</b>	<b>256</b>	<b>882,297</b>	<b>327,588</b>	<b>32,193</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,505)</b>	<b>2,914</b>	<b>(407,042)</b>	<b>(8,596)</b>	<b>3,017</b>	<b>237</b>	<b>(327,588)</b>	<b>3,323</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	2,000	-	450,000	12,000	-	-	330,000	-
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(1,505)</b>	<b>2,914</b>	<b>42,958</b>	<b>3,404</b>	<b>3,017</b>	<b>237</b>	<b>2,412</b>	<b>3,323</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>95,635</b>	<b>4,921</b>	<b>41,980</b>	<b>4,919</b>	<b>766</b>	<b>97,305</b>	<b>18,432</b>	<b>238,383</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 94,130</b>	<b>\$ 7,835</b>	<b>\$ 84,938</b>	<b>\$ 8,323</b>	<b>\$ 3,783</b>	<b>\$ 97,542</b>	<b>\$ 20,844</b>	<b>\$ 241,706</b>

# County of Wexford, Michigan

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2005

	Debt Service Funds		Capital Project Fund	Permanent Fund	
	Haring Twp Water System	DPW #3 Haring Twp	Courthouse Expansion Project	Public Health	Totals
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,880,959
Special Assessments	23,625	31,415	-	-	85,712
Licenses & Permits	-	-	-	-	8,435
Intergovernmental Revenue:					
Federal Sources	-	-	-	-	470,196
State Sources	-	-	-	-	675,324
Local Sources	-	-	-	-	39,354
Charges for Services	-	-	-	-	745,456
Fines & Forfeitures	-	-	-	-	23,814
Interest & Rentals	531	4,516	-	-	51,416
Other Revenue	-	-	-	-	221,502
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,502</u>
<b>TOTAL REVENUES</b>	<u>24,156</u>	<u>35,931</u>	<u>-</u>	<u>-</u>	<u>4,202,168</u>
<b>EXPENDITURES:</b>					
General Government	-	-	-	-	80,223
Public Safety	-	-	-	-	1,115,566
Health and Welfare	-	-	-	-	1,821,548
Recreation and Culture	-	-	-	-	368,333
Community and Economic Development	-	-	-	-	196,111
Capital Outlay	-	-	-	-	430,003
Debt Service	21,263	-	-	-	461,285
Other Expenditures	725	-	-	-	1,000
	<u>21,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,474,069</u>
<b>TOTAL EXPENDITURES</b>	<u>21,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,474,069</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,168</u>	<u>35,931</u>	<u>-</u>	<u>-</u>	<u>(271,901)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	-	-	-	-	944,822
Operating Transfers Out	-	-	-	-	(878,681)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(878,681)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>2,168</u>	<u>35,931</u>	<u>-</u>	<u>-</u>	<u>(205,760)</u>
<b>FUND BALANCES, JANUARY 1</b>	<u>17,142</u>	<u>201,915</u>	<u>-</u>	<u>-</u>	<u>2,160,370</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 19,310</u>	<u>\$ 237,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,954,610</u>

# County of Wexford, Michigan

## Combining Statement of Net Assets Nonmajor Enterprise Funds December 31, 2005

	Land Reutilization	2001 Delinquent Tax	2002 Delinquent Tax	2003 Delinquent Tax	DPW Admin	Recycling	Aquatic Nuisance	Wastewater System #1 Lk Mitchell	Wastewater System #3 Haring Twp	Wastewater System #4 Mesick	Totals
<b>ASSETS:</b>											
<i>Current Assets:</i>											
Cash & Equivalents - Unrestricted	\$ 164,127	\$ 1,358	\$ 169,543	\$ 250,167	\$ 76,333	\$ 65,729	\$ 14,733	\$ 607,144	\$ 65,448	\$ 37,762	\$ 1,452,344
Taxes Receivable	-	2,542	5,535	116,310	-	-	-	-	-	-	124,387
Accounts Receivable	-	-	-	-	148	-	-	-	34,130	50,396	84,674
Interest Receivable	-	-	-	37,904	-	-	-	-	-	-	37,904
Due from Other Governments	-	-	1,358	1,703	-	-	-	-	-	-	3,061
Prepaid Expense	-	-	-	-	1,044	-	-	-	-	-	1,044
<i>Noncurrent Assets:</i>											
Capital Assets (net of accumulated depreciation)	-	-	-	-	-	294,739	1,229	16,057	9,411	3,797	325,233
<b>TOTAL ASSETS</b>	<b>\$ 164,127</b>	<b>\$ 3,900</b>	<b>\$ 176,436</b>	<b>\$ 406,084</b>	<b>\$ 77,525</b>	<b>\$ 360,468</b>	<b>\$ 15,962</b>	<b>\$ 623,201</b>	<b>\$ 108,989</b>	<b>\$ 91,955</b>	<b>\$ 2,028,647</b>
<b>LIABILITIES:</b>											
<i>Current Liabilities:</i>											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 4,727	\$ 218	\$ -	\$ 9,303	\$ 6,287	\$ 1,526	\$ 22,061
Accrued Liabilities	-	-	-	-	2,841	560	-	930	331	331	4,993
Due to Governmental Units	-	-	160	-	-	-	-	-	-	-	160
Other Liabilities	-	-	-	460	-	-	-	-	-	-	460
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>460</b>	<b>7,568</b>	<b>778</b>	<b>-</b>	<b>10,233</b>	<b>6,618</b>	<b>1,857</b>	<b>27,674</b>
<b>NET ASSETS:</b>											
Invested in Capital Assets (net of related debt)	-	-	-	-	-	294,739	1,229	16,057	9,411	3,797	325,233
Unrestricted	164,127	3,900	176,276	405,624	69,957	64,951	14,733	596,911	92,960	86,301	1,675,740
<b>TOTAL NET ASSETS</b>	<b>164,127</b>	<b>3,900</b>	<b>176,276</b>	<b>405,624</b>	<b>69,957</b>	<b>359,690</b>	<b>15,962</b>	<b>612,968</b>	<b>102,371</b>	<b>90,098</b>	<b>2,000,973</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 164,127</b>	<b>\$ 3,900</b>	<b>\$ 176,436</b>	<b>\$ 406,084</b>	<b>\$ 77,525</b>	<b>\$ 360,468</b>	<b>\$ 15,962</b>	<b>\$ 623,201</b>	<b>\$ 108,989</b>	<b>\$ 91,955</b>	<b>\$ 2,028,647</b>

# County of Wexford, Michigan

## Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Enterprise Funds For the Year Ended December 31, 2005

	Land Reutilization	2001 Delinquent Tax	2002 Delinquent Tax	2003 Delinquent Tax	DPW Admin	Recycling	Aquatic Nuisance	Wastewater System #1 Lk Mitchell	Wastewater System #3 Haring Twp	Wastewater System #4 Mesick	Totals
<b>OPERATING REVENUES:</b>											
Interest & Penalties	\$ -	\$ 1,591	\$ -	\$ 65,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,503
Charges for Services	48,037	254	28,216	76,169	-	24,645	-	195,763	127,273	49,773	550,130
Other Revenue	-	-	-	-	20,128	4,206	-	-	-	192	24,526
<b>TOTAL OPERATING REVENUES</b>	<b>48,037</b>	<b>1,845</b>	<b>28,216</b>	<b>142,081</b>	<b>20,128</b>	<b>28,851</b>	<b>-</b>	<b>195,763</b>	<b>127,273</b>	<b>49,965</b>	<b>642,159</b>
<b>OPERATING EXPENSES:</b>											
Salaries & Benefits	-	-	-	-	181,726	8,441	-	58,370	23,870	23,627	296,034
Supplies	7,440	-	180	-	17,490	846	-	18,187	2,968	660	47,771
Other Services and Charges	-	-	974	815	104,214	5,077	291	79,289	50,089	17,069	257,818
Repair & Maintenance	-	-	-	-	-	-	-	535	-	-	535
Depreciation	-	-	-	-	-	18,637	782	5,380	3,442	2,877	31,118
<b>Total Operating Expenses</b>	<b>7,440</b>	<b>-</b>	<b>1,154</b>	<b>815</b>	<b>303,430</b>	<b>33,001</b>	<b>1,073</b>	<b>161,761</b>	<b>80,369</b>	<b>44,233</b>	<b>633,276</b>
<b>OPERATING INCOME (LOSS)</b>	<b>40,597</b>	<b>1,845</b>	<b>27,062</b>	<b>141,266</b>	<b>(283,302)</b>	<b>(4,150)</b>	<b>(1,073)</b>	<b>34,002</b>	<b>46,904</b>	<b>5,732</b>	<b>8,883</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>											
Interest Earnings	3,778	603	6,385	9,192	2,462	1,186	289	13,668	1,116	771	39,450
<b>Total Non-operating Revenues (Expenses)</b>	<b>3,778</b>	<b>603</b>	<b>6,385</b>	<b>9,192</b>	<b>2,462</b>	<b>1,186</b>	<b>289</b>	<b>13,668</b>	<b>1,116</b>	<b>771</b>	<b>39,450</b>
<b>Income (loss) before transfers</b>	<b>44,375</b>	<b>2,448</b>	<b>33,447</b>	<b>150,458</b>	<b>(280,840)</b>	<b>(2,964)</b>	<b>(784)</b>	<b>47,670</b>	<b>48,020</b>	<b>6,503</b>	<b>48,333</b>
Operating Transfers In	-	-	-	-	393,520	-	-	-	-	-	393,520
Operating Transfers Out	-	(134,018)	(250,000)	-	(66,166)	-	-	(30,989)	(19,234)	(8,212)	(508,619)
<b>CHANGES IN NET ASSETS</b>	<b>44,375</b>	<b>(131,570)</b>	<b>(216,553)</b>	<b>150,458</b>	<b>46,514</b>	<b>(2,964)</b>	<b>(784)</b>	<b>16,681</b>	<b>28,786</b>	<b>(1,709)</b>	<b>(66,766)</b>
<b>NET ASSETS, JANUARY 1</b>	<b>119,752</b>	<b>135,470</b>	<b>392,829</b>	<b>255,166</b>	<b>23,443</b>	<b>362,654</b>	<b>16,746</b>	<b>596,287</b>	<b>73,585</b>	<b>91,807</b>	<b>2,067,739</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 164,127</b>	<b>\$ 3,900</b>	<b>\$ 176,276</b>	<b>\$ 405,624</b>	<b>\$ 69,957</b>	<b>\$ 359,690</b>	<b>\$ 15,962</b>	<b>\$ 612,968</b>	<b>\$ 102,371</b>	<b>\$ 90,098</b>	<b>\$ 2,000,973</b>

# County of Wexford, Michigan

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2005

	Land Reutilization	2001 Delinquent Tax	2002 Delinquent Tax	2003 Delinquent Tax	DPW Admin	Recycling	Aquatic Nuisance	Wastewater System #1 Lk Mitchell	Wastewater System #3 Haring Twp	Wastewater System #4 Mesick	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>											
Receipts from Customers/payments (to) from other governmental units	\$ 48,037	\$ 7,306	\$ 172,444	\$ 875,771	\$ 18,936	\$ 28,851	\$ -	\$ 195,763	\$ 127,643	\$ 41,568	\$ 1,516,319
Payments to Suppliers	(7,440)	-	(1,154)	(355)	(118,637)	(6,293)	(291)	(94,810)	(46,929)	(17,175)	(293,084)
Payments to Employees	-	-	-	-	(181,267)	(7,881)	-	(58,345)	(23,860)	(23,617)	(294,970)
Internal Activity - Payments/Receipts with Other Funds	-	-	(160)	(2,500,000)	-	-	-	-	-	-	(2,500,160)
Net Cash Provided (Used) by Operating Activities	<u>40,597</u>	<u>7,306</u>	<u>171,130</u>	<u>(1,624,584)</u>	<u>(280,968)</u>	<u>14,677</u>	<u>(291)</u>	<u>42,608</u>	<u>56,854</u>	<u>776</u>	<u>(1,571,895)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>											
Operating transfers in	-	-	-	-	393,520	-	-	-	-	-	393,520
Operating transfers out	-	(134,018)	(250,000)	-	(66,166)	-	-	(30,989)	(19,234)	(8,212)	(508,619)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(134,018)</u>	<u>(250,000)</u>	<u>-</u>	<u>327,354</u>	<u>-</u>	<u>-</u>	<u>(30,989)</u>	<u>(19,234)</u>	<u>(8,212)</u>	<u>(115,099)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>											
Interest income	<u>3,778</u>	<u>603</u>	<u>6,385</u>	<u>9,192</u>	<u>2,462</u>	<u>1,186</u>	<u>289</u>	<u>13,668</u>	<u>1,116</u>	<u>771</u>	<u>39,450</u>
Net Cash Provided (Used) by Investing Activities	<u>3,778</u>	<u>603</u>	<u>6,385</u>	<u>9,192</u>	<u>2,462</u>	<u>1,186</u>	<u>289</u>	<u>13,668</u>	<u>1,116</u>	<u>771</u>	<u>39,450</u>
Net Increase (Decrease) in Cash and Cash Equivalents	44,375	(126,109)	(72,485)	(1,615,392)	48,848	15,863	(2)	25,287	38,736	(6,665)	(1,647,544)
Balances - Beginning of the Year	<u>119,752</u>	<u>127,467</u>	<u>242,028</u>	<u>1,865,559</u>	<u>27,485</u>	<u>49,866</u>	<u>14,735</u>	<u>581,857</u>	<u>26,712</u>	<u>44,427</u>	<u>3,099,888</u>
Balances - End of the Year	<u>\$ 164,127</u>	<u>\$ 1,358</u>	<u>\$ 169,543</u>	<u>\$ 250,167</u>	<u>\$ 76,333</u>	<u>\$ 65,729</u>	<u>\$ 14,733</u>	<u>\$ 607,144</u>	<u>\$ 65,448</u>	<u>\$ 37,762</u>	<u>\$ 1,452,344</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>											
Operating Income (Loss)	\$ 40,597	\$ 1,845	\$ 27,062	\$ 141,266	\$ (283,302)	\$ (4,150)	\$ (1,073)	\$ 34,002	\$ 46,904	\$ 5,732	\$ 8,883
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:											
Depreciation Expense	-	-	-	-	-	18,637	782	5,380	3,442	2,877	31,118
Change in Assets and Liabilities:											
Taxes Receivable	-	5,461	107,534	692,946	-	-	-	-	-	-	805,941
Accounts Receivable	-	-	-	-	(148)	-	-	-	370	(8,397)	(8,175)
Interest Receivable	-	-	36,694	42,447	-	-	-	-	-	-	79,141
Due from Governmental Units	-	-	-	(1,703)	(1,044)	-	-	-	-	-	(2,747)
Accounts Payable	-	-	-	-	3,240	(370)	-	3,201	6,128	554	12,753
Accrued Liabilities	-	-	-	-	459	560	-	25	10	10	1,064
Due to Other Funds	-	-	-	(2,500,000)	-	-	-	-	-	-	(2,500,000)
Due to Governmental Units	-	-	(160)	-	-	-	-	-	-	-	(160)
Other Liabilities	-	-	-	460	(173)	-	-	-	-	-	287
Net Cash Provided (Used) by Operating Activities	<u>\$ 40,597</u>	<u>\$ 7,306</u>	<u>\$ 171,130</u>	<u>#####</u>	<u>\$ (280,968)</u>	<u>\$ 14,677</u>	<u>\$ (291)</u>	<u>\$ 42,608</u>	<u>\$ 56,854</u>	<u>\$ 776</u>	<u>\$ (1,571,895)</u>



## **Reports on Compliance**

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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

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DEANNA J. MAYER, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

Honorable Chairman and Members of  
The Board of Commissioners  
County of Wexford, Michigan  
437 East Division  
Cadillac, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the County of Wexford, Michigan, as of and for the year ended December 31, 2005, which collectively comprise Wexford County's basic financial statements and have issued our report thereon, dated May 12, 2006. We did not audit the financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority, which represents 100% and 100%, respectively, of the assets and operating revenues of the Discretely Presented Component Units of the County of Wexford. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority is based solely on the report of the other auditors. The financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority were not audited in accordance with *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Honorable Chairman and Members  
of the Board of Commissioners  
County of Wexford, Michigan

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County of Wexford, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the County of Wexford, Michigan in a separate letter dated May 12, 2006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Wexford, Michigan's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We did note certain immaterial instances of noncompliance, which we have reported to management of the County of Wexford, Michigan in a separate letter dated May 12, 2006.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

May 12, 2006



**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Members of the Board  
County of Wexford, Michigan  
437 East Division  
Cadillac, Michigan 49601

Compliance

We have audited the compliance of the County of Wexford, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Wexford County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management, federal awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

May 12, 2006

# County of Wexford, Michigan

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2005

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>U. S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</b>			
Pass-through programs from the Michigan State Housing Development Authority:			
Housing Program CDBG - 2004	14.228	MSC-2004-5831-HOA	\$ 183,889
Total U.S. Department of Housing and Urban Development			183,889
<b>U. S. DEPARTMENT OF JUSTICE:</b>			
Pass-through programs from Missaukee County			
Byrne Memorial Formula Grant Program - 10/01/04 to 9/30/05	16.579	72196-1-04-B	199,110
Byrne Memorial Formula Grant Program - 10/01/04 to 9/30/05	16.579	70772-07-05-B	22,310
Byrne Memorial Formula Grant Program - 10/01/04 to 9/30/05	16.579	70772-07-06-B	10,654
Byrne Memorial Justice Assistance Grant - 10/01/05 to 9/30/06	16.738	72196-2-06-B	71,690
Subtotal - passed through Missaukee County			303,764
Pass-through programs from the Michigan Department of Human Services:			
Juvenile Accountability Incentive Block Grant - 02/01/04 to 01/31/05	16.523	JABGN-04-83001	3,376
Juvenile Accountability Incentive Block Grant - 02/01/05 to 01/31/06	16.523	JABGN-05-83001	25,300
Juvenile Justice Grant/Kick It Program - 04/01/04 to 03/31/05	16.540	JAIBG-05-83001	1,391
Subtotal - Michigan Department of Human Services			30,067
Total U.S. Department of Justice			333,831
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>			
Pass-through programs from the Michigan Department of State Police:			
Enforcement Zone Grant - 04/29/05 to 09/30/05	20.600	PT-05-60	11,548
Pass-through programs from the Michigan Department of Transportation:			
Road Projects - State Administered	20.205	-	678,180
Road Projects	20.205	-	54,936
Operating Grant - Section 5311	20.509	03-0023/Z11	173,722
Rural Transit Assistance Program	20.509	RTAP 03/04	2,668
Federal Transit Capital Improvement Grant	20.500	02-0023	76,664
Federal Transit Capital Improvement Grant - Airport	20.106	-	31,733
Subtotal - Michigan Department of Transportation			1,017,903
Total U.S. Department of Transportation			1,029,451

See accompanying notes to schedule of expenditures of federal awards.

# County of Wexford, Michigan

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2005

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Pass-through programs from the Michigan Department of Human Services:			
AFDC Maintenance Assistance for 2003/2004	93.560	-	18,794
AFDC Maintenance Assistance for 2004/2005	93.560	-	42,247
AFDC Maintenance Assistance for 2005/2006	93.560	-	14,685
PA CRP Title IV-D - 10/1/04 to 9/30/05	93.563	CS/PA-05-83002	56,812
PA CRP Title IV-D - 10/1/05 to 9/30/06	93.563	CS/PA-06-83002	20,553
FOC CRP Title IV-D - 10/1/04 to 9/30/05	93.563	CS/FOC-05-83001	186,572
FOC CRP Title IV-D - 10/1/05 to 9/30/06	93.563	CS/FOC-06-83001	86,956
FOC CRP Title IV-D - 10/1/04 to 9/30/05 - Missaukee County	93.563	CS/FOC-05-83001	61,167
FOC CRP Title IV-D - 10/1/05 to 9/30/06 - Missaukee County	93.563	CS/FOC-06-83001	28,434
Medical Support Title IV-D - 10/1/04 to 9/30/05	93.563	CS/MED-04-83001	935
Subtotal - Michigan Department of Human Services			517,155
Total U.S. Department of Health and Human Services			517,155
<b>U. S. DEPARTMENT OF HOMELAND SECURITY</b>			
Pass-through programs from the Michigan Department of State			
Police, Emergency Management Division:			
Emergency Management Performance Grants 10/01/04-09/30/05	97.067	-	6,236
Emergency Management Performance Grants 10/01/05-09/30/06	97.067	-	2,338
Emergency Management Performance Grants Supplemental	97.067	-	198
State Homeland Security Grant Program - Exercise Grant 4/01/03-3/31/05	97.004	-	5,800
2003 State Homeland Security Grant Program - Training Grant 3/1/04 to 2/28/05	97.004	-	7,194
2003 State Homeland Security Grant Program Solution Area Planner	97.004	-	6,667
2004 State Homeland Security Grant Program	97.004	-	151,435
2004 Law Enforcement Terrorism Prevention Program	97.004	-	45,996
2005 State Homeland Security Grant Program 10/1/04 to 1/31/07	97.004	-	7,180
Total U.S. Department of Homeland Security			233,044
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,297,370</b>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Wexford, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - COGNIZANT AGENCY**

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Transportation which provided the greatest amount of indirect federal funding to the County during 2005.

**NOTE C - NORTHWEST MICHIGAN HUMAN SERVICES AGENCY ADMINISTRATION**

The Michigan Community Development Block Grant CFDA #14.228 is administered by the Northwest Michigan Human Services Agency.

**NOTE D - FEDERAL GRANTS**

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the calendar year ended December 31, 2005, the Federal aid received and expended by the Road Commission was \$678,180 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit.

**NOTE E - RECONCILIATION OF BASIC FINANCIAL STATEMENT FEDERAL REVENUE WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Revenue from Federal Sources – As reported in Financial Statements (includes all funds.)	\$ 1,333,848
Add: Component Units revenue from Federal sources	1,017,903
Less: Federal Forest Patrol contract revenue	(3,500)
Less: State revenue classified as federal	<u>(50,881)</u>
Federal expenditures per schedule of expenditures of federal awards	<u>\$ 2,297,370</u>



**NOTE F - SUB RECIPIENT AWARDS**

Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards were provided to sub recipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Title IV-D cooperative reimbursement for 2004/2005 and 2005/2006 – Friend of the Court – Missaukee	93.563	\$ 89,601
Community Development Block Grant for 2004 Northwest Michigan Human Services Agency, Inc.	14.228	183,889
Juvenile Justice Community That Cares Grant for 2004 and 2005 – District Health Department #10	16.540	1,391

Section A - Summary of Auditors' Results**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Reportable conditions identified  
that are not considered to be  
material weaknesses? No

Noncompliance material to financial  
statements noted? No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? No

Reportable conditions identified  
that are not considered to be  
material weaknesses? No

Type of auditors' report issued on  
compliance for major programs: Unqualified

Any audit findings disclosed that are  
required to be reported in accordance  
with section 510(a) of Circular A-133? No

**Identification of Major Programs****CFDA NUMBERS****Name of Federal Program or Cluster**

97.004	Homeland Security Grants
16.579	Byrne Memorial Grant
93.563	Child Support Enforcement

Dollar threshold used to distinguish  
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**NONE.**

**C. FINDINGS - FEDERAL AWARDS AND QUESTIONED COSTS**

**NONE.**

**NONE.**

## **Additional Information**

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COUNTY OF WEXFORD, MICHIGAN

ADDITIONAL INFORMATION

TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR’S REPORT ON ADDITIONAL INFORMATION.....</b>	<b>73</b>
Note 1 - Debt Issues Applicable to SEC Rule 15c2-12	
Disclosure Requirements .....	74
Note 2 - Tables:	
A – County Taxation and Limitations .....	74
B – Revenues from the State of Michigan .....	75
C - County Debt .....	76
D – Labor Contracts.....	77
E – Major Taxpayers.....	78



**ANDERSON, TACKMAN & COMPANY, PLC**  
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**MEMBER MACPA**

**OFFICES IN  
MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

Honorable Chairman and Members  
Of the Board of Commissioners  
County of Wexford, Michigan  
437 East Division  
Cadillac, Michigan 49601

Our report on our audit of the basic financial statements of the County of Wexford, Michigan, as of and for the year ended December 31, 2005, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed on the following pages regarding the Municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

**Anderson, Tackman & Company, PLC**  
Certified Public Accountants

May 12, 2006

**NOTE 1 - DEBT ISSUES APPLICABLE TO SEC RULE 15c2-12 DISCLOSURE REQUIREMENTS:**

Debt issues of \$1,000,000 or more sold on or after July 3, 1995 are applicable to SEC rule 15c2-12 disclosure requirements. As of December 31, 2005, the County has the following debt issues which apply to SEC Rule 15c2-12:

1. \$4,800,000 2002 Building Authority Bonds, Series 2002.

**NOTE 2 - TABLES:**

The following tables are included in the debt issues and are required to be updated annually to comply with the Municipal Securities disclosure requirements of the SEC Rule 15c2-12:

**A. County Taxation and Limitations**

**Property Tax Levy History**

<u>Purpose</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
County Operating	6.9109	6.8839	6.8302	6.8179	6.7988
Public Safety (1)	0.9423	0.9383	0.9309	0.9292	0.9265
Animal Control (1)	<u>0.3471</u>	<u>0.3456</u>	<u>0.3429</u>	<u>0.3422</u>	<u>0.3412</u>
Totals	8.2003	8.1678	8.1040	8.0893	8.0665

(1) Voter approved millages.

Source: County of Wexford

**SEV and Taxable Valuation History**

<u>Year of Valuation</u>	<u>SEV</u>	<u>Taxable Valuation</u>	<u>SEV Percentage Increase Over Prior Year</u>	<u>Taxable Valuation Percent Increase Over Prior Year</u>
2001	827,985,702	661,976,265	11.4	7.6
2002	926,405,911	704,599,790	10.6	6.6
2003	1,005,681,073	745,063,754	8.6	5.7
2004	1,102,250,725	794,420,290	9.6	6.6
2005	1,207,607,874	851,304,801	9.6	7.2

Source: County of Wexford



**NOTE 2 - TABLES: (Continued)**

**Property Tax Collection History**

<u>Year of Levy</u>	<u>Total Levy as of December 1 (1)</u>	<u>Collections to March 1 Year Following Levy</u>		<u>Collection to June 30, 2005</u>	
2001	5,426,794	4,833,927	89.1	5,426,794	100
2002	5,753,364	5,163,024	89.7	5,753,364	100
2003	5,088,934	4,525,974	88.9	5,088,934	100
2004	5,268,532	4,608,735	87.5	5,237,529	99.4
2005	5,753,778	5,152,718	89.5	5,753,778	100

(1) The County's fiscal year begins January 1st. Taxes are due December 1st. and are recorded as delinquent the following March 1st.

Source: County of Wexford

**B. Revenues from the State of Michigan**

<u>Fiscal Year Ended/Ending</u>	<u>Revenue Sharing Payments</u>
December 31, 2001	614,814
December 31, 2002	584,206
December 31, 2003	546,844
December 31, 2004	243,692
December 31, 2005	-

Source: County of Wexford

**NOTE 2 - TABLES: (Continued)**

**C. County Debt**

The following table reflects a breakdown of the County's direct and overlapping debt as of December 31, 2005 and includes the Bonds. Bonds designated L.T.G.O. bonds are limited tax pledge bonds.

<u>Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting or Portion Paid Directly By Benefited Municipalities</u>	<u>Net</u>	<u>Per Capita</u>	<u>Net Debt % of SEV</u>
Building Authority (L.T.G.O.)	\$ 4,560,000	\$ -	\$ 4,560,000		
Water & Sewer Bonds (L.T.G.O.)	<u>605,000</u>	<u>605,000</u>	<u>-</u>		
Totals	<u>\$ 5,165,000</u>	<u>\$ 605,000</u>	<u>\$ 4,560,000</u>	149.59	.37%

Source: County of Wexford

**Short-Term Financing**

The County does not issue short-term obligations for cash flow purposes.

**Lease Obligations**

For a description of the County's lease obligations see **"Basic Financial Statements – Notes to Basic Financial Statements – Note Six (6)."**

Source: County of Wexford

**Retirement System**

For a description of the retirement benefits of the County employees see **"Basic Financial Statements – Notes to Basic Financial Statements – Note Ten (10)."**

Source: County of Wexford

**NOTE 2 - TABLES: (Continued)****D. Labor Contracts**

Of the County's 165 Employees, 65% are represented by labor organizations. The following table illustrates the various labor organizations that represent County employees, the number of members and part-time employees, and the expiration dates of the present contracts.

<u>Bargaining Unit</u>	<u>Number of Employees June 30, 2005</u>	<u>Contract Expiration Date</u>
Command Officers Association of Michigan	3	12-31-05
Police Officers Association of Michigan	46	12-31-06
Teamsters	6	12-31-06
International Union Operating Engineers	5	12-31-07
Technical Professional Officers Association of Michigan	39	12-31-06
Management	9	12-31-06
Non-Union Employees	<u>57</u>	
Total	<u>165</u>	

Source: County of Wexford

NOTE 2 - TABLES: (Continued)

E. Major Taxpayers

Owners Name	Taxable Value	Real	Pers.	% of 2005 Taxable Value
Consumers Energy	\$ 20,970,776	\$ 3,936,076	\$ 17,034,700	2.6
CMI Cast Parts Inc	14,288,900	2,548,900	11,740,000	1.8
Cadillac Renewable	11,049,000	10,937,400	111,600	1.4
Cadillac Rubber & Pl	10,848,375	3,706,275	7,142,100	1.4
Meijer, Inc.	6,465,555	4,717,455	1,748,100	0.8
Rexair Inc. A US Ind Inc.	6,425,864	3,884,564	2,541,300	0.8
Michigan Dept of	5,728,610	5,728,610	-	0.7
Michigan Consolidated	5,423,905	204,805	5,219,100	0.7
Michigan Rubber	4,910,932	2,209,032	2,701,900	0.6
FIAMM Technologies	4,662,311	1,362,411	3,299,900	0.6
AAR Cadillac Mfg.	4,611,587	1,927,587	2,684,000	0.6
Lakeland Sq. Associate	4,483,968	4,483,968	-	0.6
Four Winns Boat Co.	3,869,755	2,844,255	1,025,500	0.5
Paulstra CRC	3,496,000	839,000	2,657,000	0.4
Walmart Real Estate	2,928,700	2,928,700	-	0.4
Wexford Sand Co.	2,536,045	-	2,536,045	0.3
Transpro Group Inc.	2,490,100	1,072,900	1,417,200	0.3
HD Development of MD	2,258,317	2,258,317	-	0.3
Mitchell Road Mall LLC	1,863,100	1,863,100	-	0.2
Borg Warner	1,855,900	-	1,855,900	0.2
Arvco Container Crop.	<u>1,438,500</u>	<u>1,165,200</u>	<u>273,300</u>	<u>0.2</u>
Total	<u>\$ 122,606,200</u>	<u>\$ 58,618,555</u>	<u>\$ 63,987,645</u>	<u>15.4</u>

Source: County of Wexford



**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMAN, CPA, PRINCIPAL  

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DEANNA J. MAYER, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**REPORT TO MANAGEMENT**

Honorable Chairman and Members  
of the Board of Commissioners  
County of Wexford, Michigan  
437 East Division  
Cadillac, MI 49601

We have audited the basic financial statements of the County of Wexford, Michigan for the period ended December 31, 2005, and have issued our reports thereon dated May 12, 2006. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the County of Wexford's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Wexford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Wexford's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Wexford's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County of Wexford's compliance with those requirements.

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Wexford are described in Note 1 to the financial statements. We noted no transactions entered into by the County of Wexford during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Post closure and closure costs estimates are based on engineer's reports.

### **Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the County of Wexford's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the County of Wexford, either individually or in the aggregate, indicate matters that could have significant effect on the County of Wexford's financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County of Wexford's financial statements our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County of Wexford's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

### **Comments and Recommendations**

#### **Accounts Receivable (Prior Year)**

In testing accounts receivable at the DPW unit, we noted that there was not a subsidiary listing for the unit's trash removal customers (i.e., Waste Management) for Fund #571. We recommend the entity maintain an aging accounts receivable listing segregated by customer so as to improve the monitoring of its collections activity.

We also noted that there was no documentation to support its receipts from customers (i.e., remittance advice, customer billing documentation) for its landfill, wastewater, water, and sewer billings. We recommend that all billing documentation received with the customer's payment be maintained in the entity's records. This is especially imperative for the 'Landfill' customers as they generally represent a substantial amount of the entity's accounts receivable balance.

### **Payroll (Prior Year)**

In testing the controls of the payroll system, we noted that several of the employees' W-4's were outdated. We recommend that employees' W-4's be updated every two years, if changes are deemed necessary by the employee.

### **Board Minutes (Prior Year)**

While reviewing Board minutes we noted that not all minutes are signed. We recommend that all board minutes are signed to evidence proper review and approval.

### **Bank Statements not included on County's Books**

While examining the confirmations sent to the individual financial institutions, it was noted that two bank statements held by Wexford County are not included in the general ledger accounting records. These two bank statements include the sheriff's inmate trust account and district court account. It is recommended that these two bank accounts are added to the County's general ledger.

### **Reconcile County's Books to Actual Interest Earned on CD's**

Certificates of Deposits held by Wexford County's treasurer's office are not reconciled to the actual interest earned. Management should prepare journal entries to reconcile the ledger to the actual value of the CD on a monthly or quarterly basis.

### **District Court Bonds and Restitution Listings**

The District Court's outstanding bonds and restitutions as of December 31, 2005 are not recorded in the County's general ledger. While trying to agree the outstanding bonds and restitution to the bank statement, it was noted that the listings were ongoing and, therefore, it was not possible to determine the balance as of December 31, 2005. We recommend that the listing be reconciled to the bank statement on a monthly basis.

### **County Inmate Trust**

During testing of the inmate trust fund, it was discovered that the sheriff's department purchases and disburses items for the inmates through the inmate trust fund. This trust fund should only include receipts and disbursements made by the inmates housed in the facility. The balance in the inmate trust bank account should only reflect the balance of each inmate's personal funds. The purchasing of commodities and other items should be purchased through a separate fund and only purchased by the inmates through the inmate trust fund. It is recommended that the sheriff's department separate these functions.



### **Byrne Formula Grant Program**

While reviewing the Monthly Financial Report and Request for Funds for the last quarter of 2005, we noticed that October's supplies and operating expenses were reimbursed for more than it should have been. This error was carried forward through December's report. We recommend that the County staff take greater care in preparing these reports. Management could also have a second person verify the computations in the report.

While reviewing the expenditures on the Monthly Financial Report and Request for Funds for the last quarter of 2005, we determined the amount that was charged as cell phone expense for September 2005, was charged to the 2006 grant and this is incorrect due to the period of availability. The cell phone should have been charged to the 2005 Byrne Grant. We recommend that the County staff take greater care in charging expenses to the correct grant by determining the period of availability for each grant.

### **Summer Tax Levy**

With the change in the funding of Revenue Sharing various issues have surfaced. The State allowed Counties to place an amount equal to 1/3 of their 2004 levy for three years from the 2004, 2005, and 2006 levies in a Reserve fund each January. To replace this 1/3 taken from the operating levy the County is allowed to levy a summer tax beginning in July of 2005. 1/3 of the 2005 levy, 2/3 of the 2006 levy and 3/3 of the 2007 levy would be summer collections. This process of funding would allow the Counties to still fund Revenue Sharing and still receive 100% of their operating levies each year. One area of concern is that the summer collections are not completely received in cash at year end. Furthermore, what is not collected is not received until settlement in March of the subsequent year. This creates a cash flow shortage which can be alleviated by borrowing from the Revenue Sharing Reserve Fund. It also creates a revenue recognition issue in that the revenue is not collected within 60 days of year end. It is collected when tax settlement occurs in March. In summary, because the legislature intended that the summer levy would make the Counties operating levy whole, we recommend that taxes receivable and taxes revenue be recorded to account for the uncollected summer levy at year end.

### **GASB Statement 45 – Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions**

In June 2004, the GASB issued Statement 45, which establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes post-employment healthcare as well as other post-employment benefits such as life insurance.

The Statement is implemented in three phases, with the County of Wexford required to implement the Statement for the year ended December 31, 2008, GASB Statement 45 will impact the future accounting of post-employment health insurance costs as it relates to the amount the County will be required to pay for these benefits. Beginning in 2008, the County will be required by governmental generally accepted accounting principles to pay the current cost of providing those benefits as well as an amount needed to fund a portion of the unfunded liability relating to post-employment health benefit. The unfunded liability will be required to be actuarially determined and will be amortized over a period likely not to exceed thirty years. The methods used as part of Statement 45 are similar to those currently used to determine required contribution rates for defined benefit pension plans.

The County Board of Commissioners as well as County Management should begin to consider the impact of GASB Statement 45 prior to the required implementation date.

### **Conclusion**

This information is intended solely for the use of the Board of Commissioners, management, federal and state awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



**Anderson Tackman & Company, PLC**  
**Certified Public Accountants**

May 12, 2006